

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	re: Jessica Langer's Wonder Years (8 pages)	10/09/1995	b(6)
002a. memo	Todd Stern to POTUS re: [White House Fellows] (1 page)	06/18/1996	b(6)
002b. memo	Brooke Shearer to POTUS re: Nominees for 1996-97 White House Fellowships (2 pages)	06/11/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7698

FOLDER TITLE:

Chron Files June 16-19, 1996: Tuesday, June 18, 1996

2019-0774-S

rs3324

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Chon

7

1

6.18.96

Please coordinate
the reply.**Tennessee**

Former Senator Al Gore Sr. will be honored in Washington on June 26th by the American Highway Users Alliance. The occasion is the 40th anniversary of the passage of Gore's highway bill. Senator Gore is credited with building many of the country's highways and the inventor of the cloverleaf design of entrance and exit ramps. The Vice President will present the award.

A new poll shows state Senator Steve Cohen has the lead among declared candidates for retiring U.S. Representative Harold Ford's seat. Sponsored by Global Strategy Group, the poll shows Cohen leading with 38%. His closest contender is state Representative Harold Ford Jr, son of the Congressman, with 27%. This race has caused a heated dispute between Representative Ford and Mayor Herenton of Memphis, who is trying to block Ford's efforts to pass the seat onto his son. The Tennessee primary is August 1st.

State Senator Jim Holcomb (R), who is running for James Quillen's seat in the 1st CD, has been accused of misrepresenting his college education. He listed receiving a master's degree in counseling psychology from Eastern Kentucky University on his application for a state license to practice family counseling. The register at Eastern Kentucky University shows that Holcomb's master's degree was in education in guidance teaching, a degree described in the course catalog as providing training for school counselors. A spokesperson from The Tennessee Board of Certification for Professional Counselors and Marital and Family Therapists said a review would be needed to determine if Holcomb could have received his professional license if he worded his degree as it appears on the records of ECU.

Texas

U.S. Senate nominee Victor Morales (D) is trailing Sen. Phil Gramm (R) by 10 points in The Texas Poll which is to be published at the end of the week. Gramm's unfavorable rating is 59% and his overall support is below 50%. The newspapers sponsoring the poll are going to play this as a major sign of Gramm's vulnerability this fall.

Wisconsin

The Wisconsin Democratic Party held its convention this weekend. Secretary Shalala was the keynote speaker and was well-received. Senator Herb Kohl (D) told the convention that "we stand for the solid center that works hard every day." One of the convention's platform resolutions opposes Governor Tommy Thompson's (R) "W-2" welfare reform program and calls on the Administration to reject the state's request for waivers, saying "W-2 does not provide an adequate safety net for the most vulnerable members of our community." For his part, Senator Kohl told reporters after his address that he hopes the Administration and Governor Thompson can reach agreement on the waivers, saying "if either party wants to make this a political football, then it's not going to get done."

6-18-96

THE WHITE HOUSE

WASHINGTON

June 17, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*
HELEN HOWELL *HH*

SUBJECT: Recent Information Items

We are forwarding the following recent information items:

DOE report on gasoline prices. Via Sec. O'Leary. From mid-February to mid-May, the average nationwide retail price of gasoline increased by \$.20 a gallon, with the highest increase in California (\$.40). These prices began to recede in late May, and have declined by \$.03 (\$.05 in California). Report discusses factors that triggered the increase, which you have already been briefed on (e.g., low inventories because of "just-in-time" practices and expectations of lower prices due to Iraq's expected return to world markets, cold winter, problems with California refineries).

McLarty note on Gabriel Garcia Marquez and the Summit of the Americas. Efforts similar to those advocated by Garcia Marquez are already underway. Within the framework of the Miami Summit, we are pursuing a "cultural values" initiative to promote common themes throughout the Americas, and to encourage hemispheric unity leading to an FTA by 2005. Book distribution and information exchange could become part of this program. Summit governments are also working to improve hemispheric education, reduce illiteracy, and prevent truancy. Mack also notes that USIA has sponsored public libraries throughout the hemisphere for years, and given the inroads being made by the Internet, a big public libraries push might not be the best use of resources now. Rather, he suggests expanding the cultural base through the cheaper, more effective Internet.

Herman/McAfee memo about the response to your chu Church organizations, foundations, businesses and commu together to offer financial and physical assistance in rebuil thanks to your highlighting the efforts of the National Coi most are working with the NCCC. Examples: Southern E \$281,000 cash and \$1 million in pledges last week in New Orleans and with distribution the monies through the NCCC; Ford Foundation and 3 other foundations have each pledged \$500,000 in matching funds to the NCCC; and Dwayne Andreas of Archer Daniels Midland wrote a \$1 million check.

JIM DORSKIND:
Please coordinate
the reply.

*I should do
a letter to
Garcia Marquez
on this*

THE WHITE HOUSE
WASHINGTON

96 JUN 12 P3:06

June 11, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY 
SUBJECT: GABRIEL GARCIA MARQUEZ AND THE SUMMIT OF THE AMERICAS

Your written note on the margins of the May 6 Newsweek article about Gabriel Garcia Marquez is on point with efforts already underway.

Within the framework of the Summit of the Americas which you hosted in Miami, we are pursuing a "cultural values" initiative to promote common cultural themes throughout the Americas. Book distribution and information exchange could very well become part of this program. At my request when I was in San Jose June 3rd, Costa Rican President Figueres has agreed his government will serve as the hemispheric coordinator for this action item. Through the cultural values initiative we hope to encourage hemispheric unity leading in a direct way to the Free Trade Area of the Americas by the year 2005.

In addition, Summit governments are moving forward to improve hemispheric education by seeking to ensure access to quality education for all students hemisphere-wide. Mexico is taking the lead here, although we are clearly doing our part. Specifically, you and the other heads of Summit governments called for a primary completion rate of 100 percent and a secondary enrollment rate of at least 75 percent by the year 2010. You also called for programs to reduce illiteracy, prevent truancy, and improve human resources training. Given your efforts domestically, the First Lady's travel to Latin America last October, and USAID's \$7.2 million Partnership for Education Revitalization in the Americas, we are concretely addressing the hemispheric education deficit.

Regarding public libraries, as advocated by Garcia Marquez, the US Information Agency has for many years sponsored libraries throughout the hemisphere, many of which rival local national libraries. These libraries are used extensively by

- 2 -

businesspeople, researchers, students, and the general public. In addition, given the inroads being made by the internet and other computer information systems, a significant push into public libraries at this time might not be the best use of scarce resources. Access to articles and commentary on the literature and culture of all hemispheric nations is already available through internet pages. We could, under the cultural values initiative, expand this cultural base through the cheaper, more effective internet.

I'll continue to follow these matters closely and keep you informed.

cc: Tony Lake
Leon Panetta

6-18-96

We also received the following items:

✓ **Sec. Glickman update on commodity market developments.** 1) Corn and wheat prices remain at high levels due to tight stocks, adverse weather conditions, and strong export demand. 2) As a percent of total use at the end of this marketing year (ending August 31) soybean stocks are expected to be the lowest since the mid-1970's. 3) Since your April 30 announcement of actions to stabilize the cattle market, prices have risen about 10%. 4) Although facing higher feed costs, pork, poultry and dairy producers are not facing the drop in prices cattle producers have faced this year. 5) The CPI for food has only increased 2-3% despite increases in farm grain, pork and poultry prices.

OK to go
by mail
✓ **McLarty note about Sen. Johnston's farewell dinner.** Scheduled for September 30th, the event will include close friends in Congress, "select" Cabinet members, a few other dignitaries, as well as friends. Mack says, "On balance, Bennett has been constructive, and I know he would appreciate an acknowledgment of his service either in person or by phone."

✓ **Rep. Pete Peterson thank you for nomination to be first ambassador to Vietnam.** "Few men have ever been so honored." He also thanks you for formulating a policy to facilitate the completion of the normalization process. "Because of your convincing leadership we have begun to heal the deep national wounds lingering from the Vietnam conflict."

✓ **Gibbons note about the frozen mummy exhibit.** Jack thought this would make a nice family outing and be a good visible indication of your general interest in science, exploration and Native American culture, however, the exhibit is only here until June 19. Jack also forwards a National Geographic Society information packet.

OK to go
by mail

THE WHITE HOUSE
WASHINGTON

96 JUN 14 AM 11:57

June 14, 1996

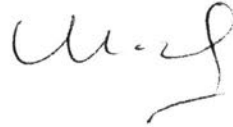
MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY
SUBJECT: SENATOR BENNETT JOHNSTON

Senator Johnston's office called me yesterday and invited me to Bennett's farewell dinner in Washington, which is scheduled for September 30th. I realize this is right in the midst of the campaign season and that you may not be able to make an appearance, but I did want you to be aware of the date since they will not be issuing invitations to the dinner. I don't think they will make a formal request to you and thus I wanted to make you aware of this and to notify scheduling of the event.

It is my understanding that the invitees will be a mixture of Bennett's close friends in the Senate and the House, a select group of our Cabinet members, and a few other dignitaries and friends.

We can discuss as the date gets closer. On balance, Bennett has been constructive, and I know he would appreciate an acknowledgment of his service either in person or by phone.



cc: Leon Panetta
Stephanie Streett

6-77-96

Potus wants very nice,
supportive letter sent
to Jessica.

Potus met Jessica at
Radio Address (arranged
by Secret Service). USSS
shared her letter w/
Potus.

USSS Contact - Tom Sloan

Petty

6/18/96

Send to Donskind?

Yes ☒

No ☐

C.

Withdrawal/Redaction Marker

Clinton Library

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6/18/96

Cabinet Affairs for Action?

yes

☒

no

☐

THE WHITE HOUSE
WASHINGTON

Re Cabinet affairs 6-18-96

Potus would
like someone (Under-
Secretary) to attend.
(appropriate)
Person should be
aware of Potus long
friendship.

Petty

Please reply

Jody:

Please review this documentation before you write the letter stating that the First Lady will not attend. It will give you all the information you need to write a substance letter.

These are copies of the papers given to Marsha Scott from the President's office 3 months ago. Since then the date has been moved ~~back~~ to July 9th.

In addition to the letter of regret we hope the first lady would consider sending a staff member to represent her.

(202) 584-7545 Thank You
584-3208 Elaine Bowman

William C. Smith & Co., Inc.

*W. Christopher Smith, Jr.
Executive Vice President*

*Realtors
1220 L Street, N.W.
Suite 300
Washington, D.C. 20005
(202) 371-1220*

May 7, 1996

Ms. Marsha Scott
Deputy Assistant to The President
Old Executive Office Building
Room 115
1600 Pennsylvania Avenue N.W.
Washington, DC 20502

Dear Ms. Scott,

The Villages of Parklands is a \$53,000,000 privately funded effort to restore a once proud community in the Anacostia neighborhood of Southeast Washington, D.C. Since 1991, William C. Smith & Co. Inc. has worked to transform what was a 60 acre, 1,300 unit apartment complex ravaged by neglect, crime and despair back into a viable community of hope. Today, Parklands is a beautiful, vibrant, well cared for community that has been subdivided into four villages to create a scale more conducive to resident pride and interaction. Six tot lots provide young children recreational activities and a shuttle bus service connects residents to the Metro and shopping. In 1997, construction will begin on 250 affordable townhomes for first time homebuyers.

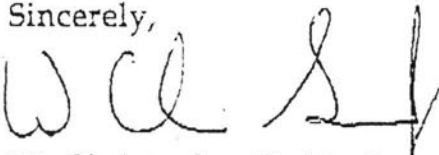
Our belief is that our positive experiences at The Villages of Parklands can be leveraged to the entire Stanton Road Corridor Initiative Area - a 495 acre community revitalization effort underway less than 5 miles from The White House. We believe this vision provides the potential for dramatic transformation. We see this effort as a powerful example of the concept "it takes a village...".

We understand the concept that "It takes a village to raise a child" and have tried to apply this important philosophy to our efforts at rebuilding communities. Over the last 15 years we have stretched to go beyond the typical developer focus of just the "bricks and mortar". We have demonstrated that with vision, innovation, collaboration, perseverance and a willingness to invest its own capital a private company can do much to build such a village. We hope that the transformation of Parklands will encourage even greater private, non profit and public effort in this most challenging area of Southeast Washington, D.C.

It has been suggested to us that the efforts already underway and those envisioned for The Stanton Road Corridor Initiative Area might be of interest to the First Lady, Hillary Rodham Clinton. Her support of the positive forces already at work in this area would bring important attention to this vital initiative and enhance it's chances for continued success. We would be proud to tour the progress being made with the First Lady and tell her more of this positive story of transformation. We would also like to invite her to be our honored guest at the grand opening of The Villages of Parklands Splash Park, a state of the art water recreation facility, scheduled for late June. This event will be a wonderful opportunity to highlight the transformation to date and it's impact on the children of this neighborhood.

I appreciate the opportunity you have provided us to make you aware of the efforts underway in The Stanton Road Corridor Initiative Area. I look forward to the opportunity to speak with you.

Sincerely,

A handwritten signature in dark ink, appearing to read 'WCS', followed by a stylized flourish or surname.

W. Christopher Smith, Jr.
Executive Vice President

Enclosure
WCS/ekw

William C. Smith & Co., Inc.

It Takes a Village

The Villages of Parklands
and the
Stanton Road Corridor Initiative Area

A 495 Acre Community Revitalization Effort
in Southeast Washington, D.C.

May 7, 1996

Submitted To:
Ms. Marsha Scott
Deputy Assistant to the President
The White House

Submitted By:
W. Christopher Smith, Jr.
Executive Vice President
William C. Smith & Co., Inc.
(202) 371-1220

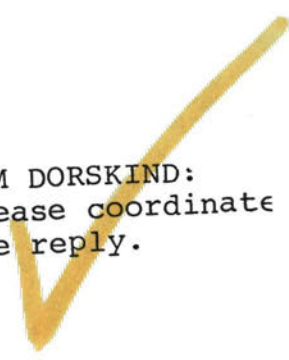
THE WHITE HOUSE
WASHINGTON

Carol

6-18-96

This gentleman got
this card to Potus
via Irish delegation
during official
visit!

JIM DORSKIND:
Please coordinate
the reply.



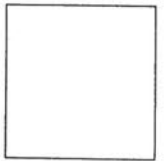
I am visiting
relatives in
Labasheeda, a
rural village in western
Ireland. (Much like
rural Ark.)

The people here
love you + wait for
to visit after your
re-election.

Sean Robbins

Traditional Irish cottage on the Connemara Coast,
West of Ireland.

17 Lodge Drive Rockville, Md. 20850.



President Bill

Clinton

The White House

Washington D.C.

U.S.A!

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27 Beechwood Close, Boghall Road,
Bray, Co. Wicklow, Ireland.
Tel: (01) 2860799/2867545. Fax: (01) 2829962.
© Photography: Liam Blake. Ref: SP 111

Cancel
by [signature]

96 JUN 18 P3:30

TODD

5-18-96

Letter came down
from Oval.

- send to Chris Walker,
leg. Affairs for reply?

☒ yes ☐ no

- NSC for reply - (Cicob immigration
issue)

☐ yes ☐ no

Congress of the United States
House of Representatives
Washington, DC 20515-0524

P3: 30

June 17, 1996

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

It was really good having you at our Democratic Caucus two weeks ago--good for us and, I think, good for you. Whenever the Members have a chance to be with you personally, it reminds them of how deeply involved you are with the issues we are debating and, especially, it gives them a chance to unburden themselves of the political problems they are worried about and gives you an opportunity to make clear to them that you are on top of those issues, too.

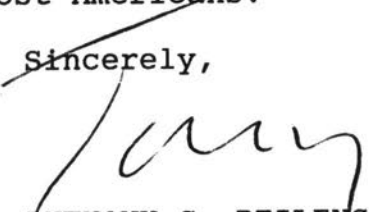
Emboldened by my status as your #1 supporter of all 535 Members of Congress (please see attached exhibit "A!"), my main purpose in writing is to encourage you and those around you at the White House to think seriously about population growth--both here in the United States, and abroad--as a major issue that needs examination, discussion and action and that is, as well, I believe, an extremely valuable and popular political issue.

I was deeply discouraged by your Administration's decision not to support lowering the level of legal immigration a couple of months ago. Legal immigration is the major contributing cause of our rapidly burgeoning population here in the U.S. (please see attachment "B!"). The quality-of-life questions involved in this issue resonate deeply with many Americans who are ahead of most of us in understanding that there really is no way to solve the economic, environmental, health care, crime, poverty and infrastructure problems we face if we do not slow down the growth of our population.

Worldwide, of course, the situation is even more worrisome: 24 hours from the time you read this there will be 260,000 net additional people on the planet, 95% of them born into Third World countries that cannot begin to adequately take care of their existing populations--and almost all of them countries whose populations will double in the next 18-25 years. The many detrimental effects of such unlimited population growth are already grasped by most Americans--so that this, again, is an issue which is both of overwhelming importance, and extraordinarily popular as well.

I appreciate your reading this, and I hope that you and some of your folks will think seriously about your speaking out on these issues. I guarantee you will find they will strike a deep chord with most Americans.

Sincerely,



ANTHONY C. BEILENSEN
Member of Congress

ACB:jf
Enclosures (2)

Leading Scorers: Clinton's Support, Opposition

Support indicates those who in 1995 voted most often for President Clinton's position; opposition shows how often members voted against the president's position.

Scores are based on actual votes cast, and members are listed alphabetically when their scores are tied. Members who missed half the votes are not listed.

Support

Senate



Cohen



Daschle

Republicans

Cohen, Maine	58%
Jeffords, Vt.	51
Chafee, R.I.	50
Specter, Pa.	49
Kassebaum, Kan.	45
Roth, Del.	43
Simpson, Wyo.	43
Snowe, Maine	42

Democrats

Daschle, S.D.	92%
Dodd, Conn.	92
Glenn, Ohio	92
Kennedy, Mass.	92
Bingaman, N.M.	91
Murray, Wash.	91
Boxer, Calif.	90
Harkin, Iowa	90
Sarbanes, Md.	90

House



Morella



Beilenson

Republicans

Morella, Md.	58%
Torkildsen, Mass.	49
Boehlert, N.Y.	47
Roukema, N.J.	46
Martini, N.J.	45

Democrats

Beilenson, Calif.	96%
Johnston, Fla.	95
Studds, Mass.	95
Collins, Mich.	93
Collins, Ill.	93
Foglietta, Pa.	93
Stokes, Ohio	93
Waxman, Calif.	93
Berman, Calif.	92
Coyne, Pa.	92
Mfume, Md.	92
Roybal-Allard, Calif.	92
Yates, Ill.	92

Opposition

Senate



Smith



Heflin

Republicans

Smith, N.H.	82%
Gramm, Texas	81
Craig, Idaho	80
Helms, N.C.	80
Coverdell, Ga.	79
Faircloth, N.C.	79
Grams, Minn.	79
Kempthorne, Idaho	79
Kyl, Ariz.	79
Pressler, S.D.	79

Democrats

Heflin, Ala.	27%
Nunn, Ga.	26
Robb, Va.	26
Reid, Nev.	25
Exon, Neb.	24
Hollings, S.C.	24
Breaux, La.	23
Johnston, La.	22
Baucus, Mont.	21
Bryan, Nev.	21
Feingold, Wis.	21
Ford, Ky.	21

House



Seastrand



Hall

Republicans

Seastrand, Calif.	87%
Tate, Wash.	87
Cox, Calif.	86
Doolittle, Calif.	86
Hilleary, Tenn.	86
Pombo, Calif.	86
Smith, Wash.	86
Wamp, Tenn.	86

Democrats

Hall, Texas	71%
Montgomery, Miss.	70
Geren, Texas	62
Taylor, Miss.	59
Traficant, Ohio	59
Brewster, Okla.	56
Stenholm, Texas	56
Condit, Calif.	51
Peterson, Minn.	51

OPINION/ESSAYS

"B"

Immigration Versus
Our Grandchildren

By Anthony C. Beilenson

UNLESS there's a dramatic change in Washington's attitude toward legal immigration, a half century from now our nation will have to confront the daunting challenges of providing for a population that is at least twice as large as it is today.

The population of the US has almost doubled since the end of World War II, and it is headed for another doubling by the year 2050, when it could exceed half a billion. The engine driving this unprecedented growth is immigration. Natives of other lands who have settled here since the 1970s and their offspring account for half the population increase we have experienced in the last quarter century. And the effects of immigration will be even more dramatic in the future: By 2050, more than 90 percent of our annual growth will be attributable to immigrants who have settled here since the early 1990s.

As recently as 1990, the Census Bureau predicted that US population would peak and then level off a few decades from now. In 1994, however, because of unexpectedly high rates of immigration, the bureau changed its projections and now sees our population growing unabated into the late 21st century, when it could reach 700 million, 800 million, or even 1 billion Americans.

Until just a few months ago, it was widely expected that Congress would pass legislation this year that would reduce the number of legal (as well as illegal) immigrants entering the United States. The Clinton administration had proposed such reductions, and both the House and Senate Judiciary Committees' versions of immigration-reform legislation contained them. All three proposals were based on the well-considered recommendations of the immigration-reform commission headed by the late Barbara Jordan, which had proposed a decrease in legal immigration of about 300,000 a year.

Illegal-immigration reform passed easily in both the House and the Senate. But both chambers, with the Clinton administration's blessing, rejected including new limits on legal immigration in those bills. Although it is not too late for this Congress to consider legal immigration changes on their own, it won't happen without a strong new political push.

Supporters of the status quo on legal immigration say we need and want those who immigrate legally, and that our only real immigration problem is the large number of people who are settling here illegally. But the fact is, both types of immigration determine how many newcomers our communities have to absorb, how fierce the competition for jobs is, and how much our quality of life is affected. Three-

quarters of foreigners who settle here do so legally, so their impact is actually far greater than that of illegal immigrants.

Back in 1972, a Nixon-appointed commission on population growth concluded that, "We have looked for, and have not found, any convincing economic argument for continued national population growth," and recommended that immigration levels not be increased.

Sadly, neither President Nixon nor anyone else paid much attention to the commission's findings. Today, we admit about twice as many legal immigrants as we did in 1972 and, of course, the problem of illegal immigration has increased greatly as well. Currently more than 1.1 million immigrants settle in the US permanently each year - over 800,000 legally, and about 300,000 illegally.

Currently more than 1.1 million immigrants settle in the US permanently each year - over 800,000 legally, and about 300,000 illegally.

The faster our population grows, the more difficult it is to solve our most pervasive and onerous environmental problems: air and water pollution; trash and sewage disposal; acid rain; depletion of water resources; topsoil erosion; loss of agricultural lands; and destruction of forests, wetlands, and fisheries, to name the major ones.

And the threat to our environment is not the only one we face from a rapidly growing population. When our communities - particularly those in large coastal urban areas that are magnets for immigrants - are already straining to meet the needs of the people who are here right now, there can be no doubt that our ability in the future to provide a sufficient number of jobs, adequate housing and enough food, water, education, health care, and public safety is certain to be tested in ways we cannot even imagine.

However we look at it, failing to reduce our rate of immigration clearly means that our children and grandchildren cannot possibly have the quality of life that we ourselves have been fortunate enough to enjoy. With twice as many people, we can expect to have at least twice as much crime, twice as much congestion, and twice as much poverty.

Americans take great pride in our tradition of welcoming those who come to the United States to better their lives. But there are millions who want to come here, and there are very real limits on how many more we can accommodate. Do we want to continue to admit as many immigrants as we currently accept every year, or do we want to try to provide a reasonable quality of life for our children and grandchildren? We cannot do both.

President Clinton and Congress need to reverse course and revive efforts to reduce legal immigration - before it's too late.

■ Anthony C. Beilenson (D) is a US congressman from California.

THE PRESIDENT HAS SEEN
6.18.96

THE WHITE HOUSE
WASHINGTON

June 18, 1996

MR. PRESIDENT:

The attached memo concerns whether the U.S. should announce its intention to comply with a May 20 WTO ruling which held that a 1993 EPA reg unjustifiably discriminates against imported gasoline. (The 1993 reg on pollutants in gasoline allowed domestic refiners to use a different baseline for measurement than foreign refiners.) **We must advise WTO of our intentions at a hearing tomorrow morning in Geneva (4 am EDT), so a decision is needed today.**

If we announce our intent to comply, we would have a "reasonable period" -- 6-17 months -- to actually do so. Compliance will either increase costs for domestic refiners or increase pollution, so some criticism is likely, both from the refiner side and the environmental side. But announcing our intent *not* to comply would undermine our position in the WTO, lead to Venezuela and Brazil's likely withdrawal of trade concessions worth as much as \$500 million, and risk reopening the "sovereignty" debate once we are hit with these sanctions.

Tony, Katie, Laura and all relevant agencies recommend that we announce our intent to comply, stating in the announcement that any method of compliance must meet test of protecting health and environment. ~~Refusing to comply would undermine our position in the WTO and could reopen~~

Agree ☒

Disagree ☐

Discuss ☐

Todd
Todd Stern

*have
Laura
can't
on this*

THE WHITE HOUSE

WASHINGTON

June 18, 1996

JUN 18 4:50 PM '96

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE
KATIE MCGINTY
LAURA D'ANDREA TYSON *LDI*

SUBJECT: WTO Challenge to EPA Gasoline Regulation

Purpose

To decide whether to inform the WTO that the United States intends to comply with a WTO ruling on a disputed gasoline regulation.

Background

On May 20, the WTO Dispute Settlement Body concluded that a 1993 EPA regulation implementing certain Clean Air Act requirements violates WTO obligations by unjustifiably discriminating against imported gasoline. The ruling also confirmed the sovereign right of the United States to implement environmental provisions such as those contained in the Clean Air Act, as long as we do so in a manner that does not unjustifiably discriminate against foreign companies.

The 1993 EPA regulation implements requirements that pollutants associated with gasoline not exceed 1990 levels by allowing domestic refiners to use individual baselines, while subjecting foreign refiners to a statutory, default baseline. Although EPA justified the differential treatment on the grounds that it had inadequate data and means of enforcement for foreign refiners, Venezuela and Brazil successfully challenged this justification.

So far, both the Congressional and public responses to the WTO ruling have been muted. Although Senator Dole used the case to argue that the United States needs a mechanism for withdrawing from the WTO "should the WTO fail to honor our rights" in a statement last month on the Senate floor, he also allowed that "[p]erhaps [the] case was rightly decided."

Options

The United States must advise the WTO on June 19 of its intentions regarding compliance. We have two options.

1. We could announce our intention to comply. In this case, the WTO provides for a "reasonable period of time" to come into compliance, which would be no less than six months and could be as long as 17 months. In stating our intention to comply, we would note that we cannot prejudge the outcome of a process for reviewing compliance options, and that protection of public health and the environment will be a key criterion.

Any method of coming into compliance with WTO obligations would either impose greater costs on domestic refiners or have some adverse impact on our air pollution goals. Therefore, an announcement of an intention to comply is likely to elicit some criticism. Domestic refiners are generally apprehensive that they would be forced to make additional capital investments in order to offset the effects of dirtier foreign gasoline imports. They are likely to complain that a change in the gasoline regulation will put them at a competitive disadvantage vis-à-vis foreign refiners with lower environmental compliance costs.

Some mainstream environmental groups welcomed the portion of the WTO ruling in this case that affirms national sovereignty in environmental protection. They are unlikely to oppose compliance as long as environmental goals are not compromised. However, the Sierra Club will watch any proposed changes to EPA's regulations closely, and a few of the more vocal environmental groups are likely to be critical.

2. We could announce that we do not intend to comply. In this case, Venezuela and Brazil would likely request -- and receive--authorization to withdraw trade concessions (e.g. by selectively raising tariffs on U.S. imports) commensurate with the estimated damage, which could be as high as \$500 million.

Several agencies voiced concern that taking this position would undermine our position in the WTO, providing an undesirable precedent that would work against us when the WTO rules in our favor.

There is broad consensus among agencies in favor of announcing that we intend to comply -- and that any method of compliance must meet the test of protecting public health and the environment. This option was preferred because it avoids immediate sanctions that could be used as evidence by those seeking to reopen the "sovereignty" debate and an undesirable precedent in the WTO. Moreover, it allows us to consider compliance methods without compelling us to amend the EPA regulation if we ultimately cannot find an acceptable

alternative. Nonetheless, some agencies caution that our decision to announce an intent to comply today will confront us with a difficult decision in several months.

RECOMMENDATION

That USTR should inform the WTO that the United States intends to comply with WTO obligations regarding gasoline imports.

Approve _____

Disapprove _____

Attachment

Tab A

Memorandum from Ambassador Barshefsky

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

June 5, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: AMBASSADOR BARSHEFSKY 
SUBJECT: World Trade Organization (WTO) Dispute Regarding the Environmental Protection Agency's (EPA) Gasoline Regulations

On May 20, the WTO's Dispute Settlement Body (DSB) concluded, in a dispute brought by Venezuela and Brazil, that a 1993 EPA regulation unjustifiably discriminates against imports of gasoline, in violation of the General Agreement on Tariffs and Trade. The DSB recommended that the United States bring its regulation into conformity with WTO obligations. We have until June 19 to advise the WTO of our "intentions in respect of implementation" of this recommendation. Attached is a brief background note that provides further detail on the regulation at issue and the WTO's findings.

Under WTO rules we have, effectively, two options on June 19:

- (1) we can advise the WTO of our intent to comply, in which case we are entitled to a "reasonable period of time" to take the necessary steps, or
- (2) we can advise the WTO that we do not intend to comply, in which case Venezuela and Brazil can promptly ask for, and receive, authorization to "withdraw concessions", for example by selectively raising tariffs on U.S. exports.

In theory, a third option is to offer "compensation", which would normally take the form of reduced U.S. tariffs. However, you do not have general authority to reduce tariffs for this purpose and we are not aware of any other potentially acceptable form of compensation.

My staff and I have consulted on these options with EPA and, more broadly, with all interested agencies through the Trade Policy Review Group and the NEC Deputies group. All interested agencies unanimously favor recommending to you that we advise the WTO of our intent to comply. Should you concur, at the time we announce our intentions we would underscore that the Administration will bring to bear its strong commitment to the protection of public health and the environment in the regulatory review process. We would also make clear that our review of options will be conducted under our open procedures for regulatory reviews and that we cannot prejudge the actual result of the process. As a first step, EPA would invite public comment on

possible compliance options, rather than proposing any particular change in the rule. We do not expect EPA to issue any proposals before December.

As required by statute, we have consulted with all Congressional committees of jurisdiction and sought their input. None have responded formally. In contacts with Committee staff we have found only limited interest in this issue. To the extent that we have found interest, it appears that there is support, or at least no objection, to the course that the agencies are recommending. Of course, we can expect the level of congressional interest to increase as we arrive at a point where a decision has to be made on regulatory alternatives.

Reactions from the private sector, with a few exceptions, also have been muted. The Independent Refiners Coalition, which is composed of those refiners most concerned about this issue, would prefer that we not comply with the WTO ruling but is prepared to participate constructively in a regulatory proceeding as outlined above. The National Petroleum Refiners Association is urging non-compliance with the ruling. The American Petroleum Institute has taken no position on what the Administration should do. Most main-stream environmental NGOs have not taken a strong interest in this case, although a number of them are quite pleased with pro-environment WTO jurisprudence that has been developed through the dispute. A few NGOs, such as the Sierra Club, have taken a more active interest in this issue and will be closely watching how we handle this issue. As with Congress, we would expect the level of private sector interest to increase when we come to the point where decisions on regulatory changes must be made.

Those groups that argue that the WTO is a threat to national sovereignty will undoubtedly try to use this decision, under either of the two options available to us, as evidence in support of their position. However, I believe that our close consultation with Congress, and the open regulatory review process that we propose to follow, provides a strong counter to these arguments.

I recommend that the United States inform the WTO of its intent to comply with its recommendations.

DECISION

AGREE: _____ DISAGREE: _____ DISCUSS FURTHER: _____

BACKGROUND NOTE ON WTO GASOLINE DISPUTE

The Gasoline Rule

The dispute centers on a December 1993 EPA regulation aimed at controlling auto emissions in the United States. EPA's regulation implements the 1990 amendments to the Clean Air Act that required that gasoline sold in major highly polluted U.S. population centers be "reformulated" so as to control automobile emissions, while also seeking to ensure that the reformulated gasoline program does not result in a degradation of the quality of "conventional" (i.e., non-reformulated) gasoline sold outside these more polluted and more densely populated areas of the United States.

At issue was a narrow aspect of EPA's regulation that holds imports to a different requirement than gasoline produced by U.S. refiners with respect to the "non-degradation" requirements--i.e., those provisions requiring that certain pollutants caused by gasoline not exceed 1990 levels. Under EPA's regulation, the baseline used for gasoline produced by most domestic refiners to determine compliance with these provisions is each individual refiner's own performance in 1990, which is established using a variety of refinery-related data. Imports, however, are subject to a statutory, default baseline. The rule for importers was based on EPA's conclusion that the provisions governing U.S. refiners could not be applied to imports without raising substantial concerns regarding the availability of foreign data, enforcement problems and environmental consequences.

For *reformulated* gasoline, EPA's requirements on imports and U.S. gasoline will be identical beginning in 1998 and the differential treatment will end. However, the differential treatment is a permanent feature of EPA's regulation with respect to *conventional* gasoline.

EPA's 1994 Foreign Refiner Baseline Proposal

After the EPA rule was issued, Venezuela expressed concern that the rule violated its GATT rights and requested consultations, while EPA examined the possibility of establishing individual baselines for foreign refiners (rather than importers) for RFG, though not for conventional gasoline. In April 1994, EPA issued a proposed modification to its regulation that would have permitted individual refiner baselines for RFG, subject to strict monitoring, documentation and enforcement requirements. However, U.S. domestic refiners and some environmental groups opposed EPA's April proposal. In August 1994 Senator Mikulski succeeded in enacting an amendment to the EPA/HUD Appropriations bill that blocked funding to implement the proposed rule. The provision was only for the 1995 fiscal year, but a similarly-worded rider is now in EPA's appropriation for FY 1996 and will expire September 30, 1996 unless extended.

Neither EPA's April 1994 proposal nor the appropriations riders dealt with conventional gasoline. Moreover, the current rider as a legal matter appears to be intended to block only EPA action permitting establishment of foreign refiner baselines for RFG.

GATT/WTO Dispute Settlement Proceedings

When EPA did not take further action on the April proposal, Venezuela initiated dispute settlement proceedings. Brazil subsequently initiated proceedings on its own behalf, and the proceedings were consolidated. Venezuela and Brazil each challenged EPA's regulations with respect to both RFG and conventional gasoline.

Venezuela and Brazil alleged that EPA's approach was discriminatory because their refiners could provide audited and verifiable data sufficient to establish individual baselines. The United States argued that the difference in treatment was permitted under the general exceptions in GATT Article XX for measures necessary to protect health, measures necessary for enforcement, or measures relating to conservation of natural resources.

The report of the WTO panel established to review this case was circulated on January 29, 1996, concluding that the regulations were inconsistent with the GATT non-discrimination requirements, and were not within the scope of the exceptions described above. The United States appealed the panel's findings concerning the panel's interpretation of the general exceptions, with particular emphasis on the conservation exception, to the new WTO Appellate Body.

This was the Appellate Body's first case. The Appellate Body report, circulated on April 29, 1996, agreed with many of the U.S. arguments concerning the scope of the conservation exception, rejecting the improperly narrow interpretation in the panel decision. The Appellate Body then examined the general proviso to Article XX, which provides that measures for which the exceptions are invoked may not constitute "unjustifiable discrimination" or a "disguised restriction on international trade." The Appellate Body found that the USG had not explored means of addressing enforcement problems cooperatively with Venezuela and Brazil and had counted compliance costs for domestic and not for foreign refiners. Accordingly it found that the baseline establishment rules in the regulation, as applied, constitute "unjustifiable discrimination" and a "disguised restriction on international trade." The Appellate Body did not attempt to dictate any particular compliance option.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. memo	Todd Stern to POTUS re: [White House Fellows] (1 page)	06/18/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7698

FOLDER TITLE:

Chron Files June 16-19, 1996: Tuesday, June 18, 1996

2019-0774-S

rs3324

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. memo	Brooke Shearer to POTUS re: Nominees for 1996-97 White House Fellowships (2 pages)	06/11/1996	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
Todd Stern
OA/Box Number: 7698

FOLDER TITLE:

Chron Files June 16-19, 1996: Tuesday, June 18, 1996

2019-0774-S
rs3324

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



THE PRESIDENT HAS SEEN
6-18-96

Willow Creek Community Church

To: AUSA

Fy - BC

June 14, 1996

President Clinton
c/o Nancy Hernreich
The White House
1600 Pennsylvania Avenue
Washington DC 20500-2000

Dear Bill:

Great leadership on the burning of the African-American church issue. I know of few other issues that have stirred the soul of Americans more than this one. Disregard any accusation that you're doing this for "photo-op" purposes. This is one of those times when you can, and should, lead from your heart. As you do, all will be well.

Looking forward to seeing you next week.

Your friend,

Bill Hybels

THE PRESIDENT HAS SEEN

6-18-96

Attachment #3



THE VICE PRESIDENT
WASHINGTON

June 13, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT *AK*

SUBJECT: EXECUTIVE ORDER ON EMPOWERMENT CONTRACTING

Back to VP

to Leon/GS/Bach

we did mention

all these initiatives

at the Mayors Meeting

Bo

X As we have discussed, we should work to highlight the Executive Order on Empowerment Contracting, which you signed on May 21, 1996. Outlined below are several options to promote the Order and my recommendation that you discuss the Executive Order during your speech to the U.S. Conference of Mayors on June 22, 1996, and highlight the program at an open press meeting of the Community Empowerment Board ("CEB").

I. Background

You first raised the idea of place-based procurement contracting incentives during your speech last summer on affirmative action. At that time, you underscored the continued need for race-based affirmative action programs, but made clear that such programs would need to be reformed and narrowly-tailored in light of Adarand.

In this speech, you also emphasized the need to connect disadvantaged communities and their residents (regardless of their race) to economic opportunity. In this regard, you asked me "to develop a proposal to use our contracting [system] to support businesses that locate . . . in distressed areas or hire a large percentage of their workers from these areas -- not as a substitute for affirmative action, but to go beyond it, to do something that will help to deal with the economic crisis of America."

In developing the empowerment contracting proposal, my staff met with numerous Congressional offices and constituent groups, including representatives of the civil rights community, small and minority business organizations, and women-owned businesses.

Initially, most of these groups were suspicious of the motivations behind the empowerment contracting proposal: They feared that this approach was intended to eventually replace race-based affirmative action programs. (These fears were exacerbated by the unfinished work of the Department of Justice.) It was only after numerous consultations and assurances that the empowerment contracting proposal was (as you said in your speech) a "supplement, not a replacement," for race-based affirmative action programs that these groups became comfortable with the proposal.

In order to avoid the implication that it might be a replacement, civil rights groups requested that we delay issuing the empowerment contracting proposal until the Department of Justice completed its Adarand review. All of your advisors agreed, and on May 21, 1996 -- a day before the Justice proposal was made public -- you signed the Executive Order on Empowerment Contracting.

We have received favorable responses about the empowerment contracting proposal from advocates of urban economic development, including mayors' representatives. Civil rights and minority business groups are also supportive of the proposal -- especially when it is cast as one of the Administration's community empowerment (urban development) initiatives.

II. Options for Highlighting the Order

Various options exist for highlighting the Executive Order on Empowerment Contracting.

A. U.S. Conference of Mayors

Without question, you should discuss the Executive Order during your June 22, 1996, address the annual meeting of the U.S. Conference of Mayors in Cleveland. This event presents you with an opportunity to highlight new and existing initiatives the Administration is promoting that will benefit cities, including the proposed second round of EZs and ECs, the proposed Brownfields tax incentive, the recently-signed Executive Order on locating Federal facilities in historic districts in central business areas, and the Executive Order on Empowerment Contracting. Moreover, this Executive Order has received support from urban advocates, including the representatives of several mayors and cities.

B. Meeting of the Community Empowerment Board

In addition, I recommend that you highlight the Empowerment Contracting Order (and the launch of the program) by convening a meeting of the Community Empowerment Board, which would be open to the press.

This forum is suitable because the CEB is coordinating a number of initiatives designed to help cities, including the proposed second round of EZs and ECs and the proposed Brownfields tax incentive. In addition, a CEB meeting will allow you to involve members of the Cabinet in promoting this initiative, some of whom (including HUD, Labor, and SBA) will help Commerce design the program. Finally, with a focused meeting, we will provide our supporters with an opportunity to applaud the Order.

C. Homeownership Event

You could highlight the Empowerment Contracting Executive Order at a homeownership event, underscoring your differences with Republicans in your respective approaches on both capital gains tax relief and affirmative action. Our empowerment contracting message, however, may get lost in this forum. In addition, as noted above, any suggestion on your part that a place-based procurement strategy is an appropriate alternative or replacement for traditional (race-based) affirmative action programs is likely to engender serious concerns by civil rights and minority business groups.

III. Recommendation

For the reasons outlined above, I recommend that you use your speech to the U.S. Conference of Mayors to raise awareness about the Empowerment Order and that you convene an open press meeting of the CEB to highlight the Order and its program. Please indicate how you would like us to proceed:

- ☒ AGREE: INCLUDE IN SPEECH AND CONVENE OPEN PRESS MEETING OF THE CEB
- ☒ LET'S DISCUSS
- (B)
- (A)

6-18-92

We also received the following items:

✓ **Sec. Glickman update on commodity market developments.** 1) Corn and wheat prices remain at high levels due to tight stocks, adverse weather conditions, and strong export demand. 2) As a percent of total use at the end of this marketing year (ending August 31) soybean stocks are expected to be the lowest since the mid-1970's. 3) Since your April 30 announcement of actions to stabilize the cattle market, prices have risen about 10%. 4) Although facing higher feed costs, pork, poultry and dairy producers are not facing the drop in prices cattle producers have faced this year. 5) The CPI for food has only increased 2-3% despite increases in farm grain, pork and poultry prices.

OK to go
by mail
✓ **McLarty note about Sen. Johnston's farewell dinner.** Scheduled for September 30th, the event will include close friends in Congress, "select" Cabinet members, a few other dignitaries, as well as friends. Mack says, "On balance, Bennett has been constructive, and I know he would appreciate an acknowledgment of his service either in person or by phone."

✓ **Rep. Pete Peterson thank you for nomination to be first ambassador to Vietnam.** "Few men have ever been so honored." He also thanks you for formulating a policy to facilitate the completion of the normalization process. "Because of your convincing leadership we have begun to heal the deep national wounds lingering from the Vietnam conflict."

✓ **Gibbons note about the frozen mummy exhibit.** Jack thought this would make a nice family outing and be a good visible indication of your general interest in science, exploration and Native American culture, however, the exhibit is only here until June 19. Jack also forwards a National Geographic Society information packet.

Scheduling

Embassy of the Republic
of Uzbekistan
1746 Massachusetts Avenue, N.W.
Washington, D.C. 20036

5-18
originals sent
JT
6-18-96
Stephanie
Struer

The Honorable William J. Clinton
President of the United States
The White House
Washington D.C. 20500



***The Ambassador of the Republic of Uzbekistan
and Mrs. Fatikh G. Teshabaev***

*request the pleasure of your company
on the occasion of the inauguration of the Chancery
of the Embassy of the Republic of Uzbekistan
by His Excellency the President of the Republic
of Uzbekistan Islam A. Karimov
on June 25, 1996
from 6.45 p.m. to 7.15 p.m.*

R.S.V.P.
(202) 638-4267

1746 Massachusetts Avenue, N.W.
Washington, D.C. 20036



***In honor of
His Excellency the President of the Republic
of Uzbekistan Islam A. Karimov***

***The Ambassador of the Republic of Uzbekistan
and Mrs. Fatikh G. Teshabaev***

*request the pleasure of your company
at dinner
on June 25, 1996
from 7.15 p.m. - 10.45 p.m. at*

R.S.V.P.
(202) 638-4267

1746 Massachusetts Avenue, N.W.
Washington, D.C. 20036

THE PRESIDENT HAS SEEN
6.18.96

96 JUN 14 4 9:23

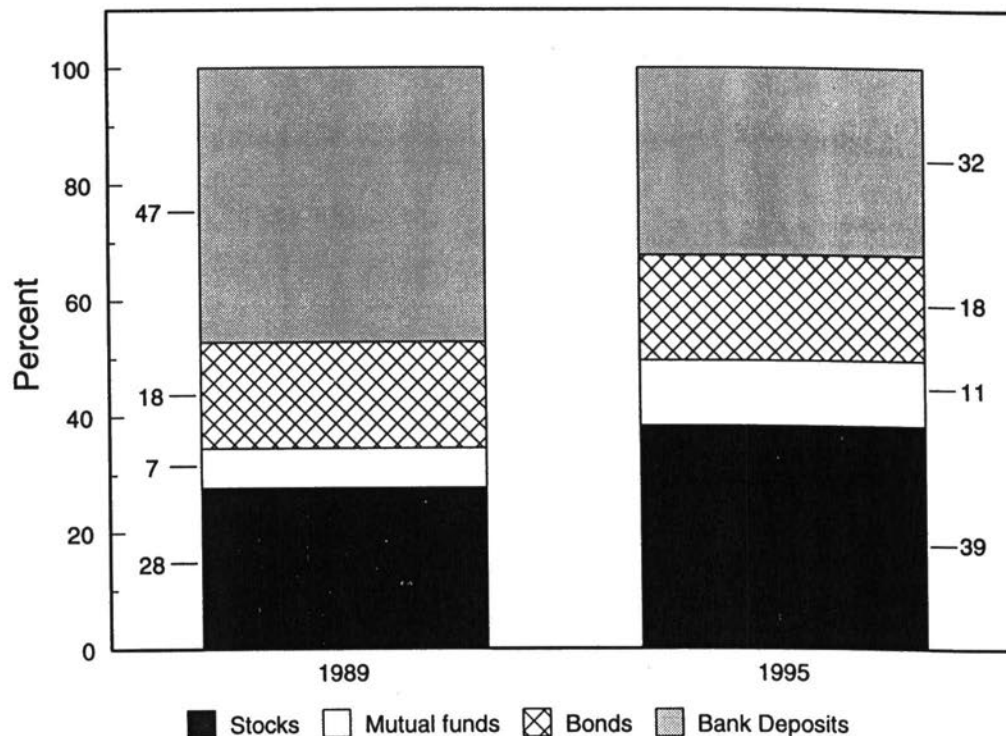
WEEKLY ECONOMIC BRIEFING OF THE PRESIDENT OF THE UNITED STATES

Prepared by the Council of Economic Advisers
with the assistance of the Office of the Vice President

June 14, 1996

CHART OF THE WEEK

Household Financial Assets



Mutual funds and directly held stocks increased from 35 percent to nearly 50 percent of household financial assets between 1989 and 1995. Over the same period, bank deposits fell from 47 percent to 32 percent. Part of the increase in mutual fund and stock holdings reflects a sharp rise in the value of the stock market, which more than doubled over this period. A Special Analysis in this issue of the Weekly Economic Briefing considers how both household assets and debts affect consumer spending.

Rex M. Horne, Jr. sends letter from Jerry Rankin, Pres., Foreign Mission Board, Southern Baptist Convention, written to Warren Christopher, about the issue of religious liberty for evangelicals in Israel.

(Staff Secretary is handling response.)

Get my
summary

THE PRESIDENT HAS SEEN
6-18-92

Secretly

Pls read + discuss w/ me -
This is potentially important

BC

*Mille first through Secy
Stop for reply*

IMMANUEL
BAPTIST
CHURCH

May 6, 1996

President Bill Clinton
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20500-2000

Dear Mr. President,

I am enclosing a letter and information from Dr. Jerry Rankin, president of our Foreign Mission Board - a good man.

You have a strong record in religious freedom and liberty at home and abroad. I thought you might want to give this a personal look and perhaps send a brief note to Dr. Rankin.

Call on me!

Your pastor and friend,



Dr. Rex M. Horne, Jr.

RMH/mlw
Enclosures



**Foreign
Mission Board** of the Southern Baptist Convention
Jerry A. Rankin, President • P.O. Box 6767 • 3806 Monument Avenue, Richmond, Virginia 23230-0767 • (804) 353-0151

2 May 1996

Dr. Rex Horne
Immanuel Baptist Church
1000 Bishop Street
Little Rock, AR 72202

Dear Rex:

The attached copy of a letter deals with a matter of grave concern regarding the status of Baptists and other evangelicals in Israel. If you deem it appropriate and are comfortable in doing so, would you mind bringing this to the attention of President Clinton should you have an opportunity? You may have many requests to share matters with the President and do not feel it appropriate to discuss such concerns in the context of a pastoral relationship with him. We would understand fully if you thought it inappropriate to mention this to the President.

I pray God's blessings upon your ministry at Immanuel Baptist Church and your service as president of the Arkansas Baptist Convention. We appreciate the world vision of Arkansas Baptists and rejoice in our partnership with you in bringing the lost peoples of the world to saving faith in Jesus Christ.

Sincerely yours,

Jerry Rankin, President
Foreign Mission Board, S.B.C.



Foreign Mission Board of the Southern Baptist Convention

Jerry A. Rankin, President • P.O. Box 6767 • 3806 Monument Avenue, Richmond, Virginia 23230-0767 • (804) 353-0151

May 2, 1996

The Honorable Warren Christopher
Secretary of State
State Department
Washington, D.C. 20520-6243

Dear Mr. Secretary:

Our organization, Foreign Mission Board of the Southern Baptist Convention, is a member of the United Christian Council in Israel, an organization of evangelical churches and ministries in Israel. UCCI is the only organization of evangelicals in Israel. There is a matter which is of great concern to us and to the UCCI--the issue of religious liberty for evangelicals in Israel.

Although the Declaration of the State of Israel (a document which is not legally binding) refers to religious freedom, there is no legal definition of that term and there is no constitutionally enforceable right of religious liberty in Israel. The Government of Israel has undertaken to respect the religious "Status Quo" which existed at the time of the establishment of the state in 1948 and some longer established churches are classified under pre-existing law as millets; that is, recognized religious communities with ecclesiastical courts and so forth. But, since the meaning, extent, and applicability of the "Status Quo" has never been clarified in law, even churches which are part of the "millet" system are not guaranteed the full range of rights which modern ideas of religious liberty require, and churches which are not part of that system are in an even less favorable position and have to depend on the variable "good will" of whatever government happens to be in power when a problem arises. It was against that background the the Vatican found it necessary to sign a treaty with the State of Israel in order to lay the basis for establishing what religious freedom actually means in practical terms. Negotiations between those two parties are currently in progress to implement the treaty.

The Vatican has stated that it is not negotiating on behalf of any other church but the Government of Israel has made it clear that it intends in some way to confer on other churches whatever "benefit" derives from the negotiations with the Vatican. The UCCI finds this situation untenable. On the one hand, not everything sought by the Vatican is relevant to the evangelical churches; while on the other hand, not everything required by those churches is being sought by the Vatican.

The UCCI has therefore been attempting for more than a year to get the Government of Israel, via the Ministry of Religious Affairs and the Ministry of Foreign Affairs to begin negotiations with the evangelical and other churches in order to define what is meant by religious freedom and to determine how that right can be realized in practical terms concerning such things as visas, ownership of property, taxes, and so on. Unfortunately, we have not so far received from the Government of Israel any positive response to our request for negotiations, and

The Honorable Warren Christopher

May 2, 1996

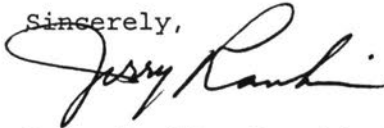
Page 2

as time passes the danger increases that we will end up being presented within an adequate and unacceptable "fait accompli."

On behalf of the Foreign Mission Board, I would therefore urge you to help us by raising the issue of legally guaranteed religious freedom for evangelical churches in Israel through the appropriate diplomatic means at your disposal. The key question you might ask is: Does the government of Israel intend to acknowledge the needs and rights of evangelical churches in the country and to guarantee in law respect for those rights by all government departments and agencies and at all governmental levels?

Thank you for your cooperation in this matter. If you have any further questions, please contact me or Rev. Tom Hocutt, Chairman, UCCI, 50/9 Ahuza St, Ra'anana, ISRAEL, Tel: 972-9-432832 or FAX: 972-9-432081.

Sincerely,



Jerry Rankin, President
Foreign Mission Board, S.B.C.

JR/cm

cc: Mr. Strobe Talbott, Deputy Secretary
Mr. Donald Bandler, Director, Israel & Arab-Israeli Affairs
✓ Dr. Rex Horne, Pastor of Immanuel Baptist Church, Little Rock, AR and
President of the Arkansas Baptist Convention

THE PRESIDENT HAS SEEN
6-18-96

~~scribble~~

To Laura

per our discussion

Be

Enron
Robert Belfer, Enron

Talking Points on Electric Restructuring

THE PRESIDENT HAS SEEN
6.18.96

- Electric restructuring is shaping up to be one of the biggest consumer issues of today and certainly for 1997. Estimates are that consumers could save as much as \$100 billion annually from "open access" where electricity users, big and small, buy their own supply and arrange for transmission services.
- Enron's savings estimate is between \$60-\$80 billion per year. This represents a rate reduction of between 30% and 40%, a decline that has occurred with natural gas in the open access era. (Natural gas prices to end-users on average declined by 41% between 1985 and 1995 adjusted for inflation -- see attachment.)
- A full-fledged debate is now underway between high-cost utilities represented by the Edison Electric Institute on the one side and consumer groups and low-cost electric providers on the other to extend transmission access from the wholesale side to the retail side.

Environmentalists have also been concerned about the impact of higher emissions that might result from a restructured industry, although we think that restructuring will help the environment by:

- removing the artificial incentive of utilities to add rate-base generation and promote sales;
- forcing the retirement of uneconomic coal and particularly nuclear plants to shift market share to cleaner burning natural gas; and
- allowing environmentally conscious consumers to practice "green pricing" where they can support their environmentally preferred generation source. (We believe this environmental ethic fits in well with the education programs of the **President's Council on Sustainable Development** now under way.)

Labor is concerned over downsizing from electric restructuring. However, the economic and efficiency gains from removing unnecessary costs from the electric system will increase worker productivity and increase our international competitiveness. Every worker will also benefit from an electric-bill "tax cut."

- All signs point toward direct customer access to electric suppliers as "when," not "if."

Federal Level:

- The FERC has set in place the rules and procedures for "customer choice" on the wholesale side (Order 888) pursuant to the Energy Policy Act of 1992. "Customers," however, are only utilities, municipalities, and coops -- not residential, commercial, and industrial customers.

- The House Subcommittee on Energy and Power, chaired by Rep. Dan Schaefer (R-CO) and ranking member Rep. Frank Pallone (D-NJ), has held extensive hearings on electric restructuring that, if nothing else, has awakened the "go-slow" states to the fact that inaction invites federal preemption. A bill is expected to be introduced June 19th.

State Level:

- EEI reports that **46 states** are considering electric restructuring and major changes in retail operations.

- As an indication of the heightened interest in restructuring on the state level, the bipartisan **American Legislative Exchange Council** unanimously adopted a model resolution for its 2,900 state legislative members to prepare plans to transition to competition in electricity.

Local Level:

- Some localities are municipalizing to petition FERC to allow them to purchase their own electricity under authority of the Energy Policy Act. This opportunistic activity is another indication that price pressure is compelling consumers to open the system to competition.

Market:

- The nation's first electricity pilot programs are getting underway.

In **New Hampshire**, an estimated 31 suppliers are vying for the business of 17,000 residential customers.

In **Illinois**, a voluntary pilot program is underway as well.

- **California, Massachusetts, and New York** are finalizing major restructuring plans for implementation in the next two years.

In summary, the first half of 1996 has seen dramatic developments that all but promise that by the year 2000 the U.S. electric market will be as open as long distance telephone service is today. The benefits for individual consumers and the general economy make competitive electricity a **bipartisan** issue, not a Republican or Democrat issue.

U.S. Gas Prices: Real and Nominal						
	\$/MMBtu					
			Nominal			Real
	1985	1995	Change	1985	1995	Change
Residential	6.12	6.06	-1%	8.67	6.06	-30%
Commercial	5.50	5.01	-9%	7.79	5.01	-36%
Industrial	3.95	2.66	-33%	5.59	2.66	-52%
Elec. Gen.	3.55	2.05	-42%	5.03	2.05	-59%
Total	4.53	3.77	-17%	6.42	3.77	-41%
Note: A 1985 dollar is worth approximately \$1.42 in 1995 dollars.						
Sources: DOE Natural Gas Annual; Bureau of Labor Statistics						

FERC Order 888 Summary

- Order 888 (passed April 24, 1996) requires the 166 investor-owned electric utilities subject to FERC jurisdiction provide nondiscriminatory access to each other's transmission lines for wholesale transactions in interstate commerce.
- Wholesale transactions concern deals between utilities, municipalities, cooperatives, and marketers where the electricity will be resold – not transactions between end users such as residential, commercial, or industrial customers. The Energy Policy Act of 1992 defines federal jurisdiction as interstate/wholesale to leave retail activity subject to state-level (public utility commission) authority.
- The guts of the 900-page order concern informational requirements to effectuate nondiscriminatory (same service, same price) access to utility transmission. The *intent* of the order is to “unbundle” competitive generation that can be deregulated from price-regulated transmission.
- Utility “stranded costs” associated with the Order receive 100% cost recovery, yet cost savings are estimated at between \$3.8 billion and \$5.4 billion per year. (Enron believes that full recovery and large savings will occur on the retail side as well.)
- Enron is pleased overall with the order, although we will make some suggested changes on rehearing. In fact, we believe the detail of Order 888 can be used as template by the states to expedite retail transmission access.
- The utilities have sixty days from the date of the order (or late June) to file pro forma tariffs based on traditional ratemaking principles. After the filing utilities can propose differential pricing and other departures from the base offerings.

THE WHITE HOUSE

WASHINGTON

June 7, 1996

96 JUN 10 P6:19

MEMORANDUM FOR THE PRESIDENT

From: Carol H. Rasco *CH*
Subject: Weekly Reports: June 1 - June 7, 1996

UPDATE ON KEY INITIATIVES

WAIVERS

gry Los Angeles County Medicaid Waiver -- Next week, HHS will probably approve an amendment to this waiver that county officials have been seeking, and will announce a joint workplan for continuing efforts on the restructuring of the county health system. This would fulfill our commitment to review the proposal submitted by the county within 45 days.

DISABILITY ISSUES

gry Termination of Benefits for Drug Addicts/Alcoholics -- As noted in the Cabinet Report this month, SSA is mailing notices to 200,000 SSI/SSDI beneficiaries who are on the rolls due to drug addiction or alcoholism (DA&A) that their benefits will end January 1, pursuant to legislation enacted in March. DPC staff are working with SSA and disability advocacy organizations to try to ensure that beneficiaries with DA&A who also have other, qualifying disabilities (such as AIDS/HIV) are not temporarily dropped from the rolls.

GOVERNMENT REFORM

gry Local Empowerment and Flexibility Act -- DPC, OMB, and Leg. Affairs continue to work with Senators Hatfield, Glenn, and Levin on this legislation that would provide the Executive branch with waiver authority regarding financial assistance programs. All three departments will be meeting with staff of Sens. Hatfield and Levin to discuss additional amendments to the bill that are needed before we can offer support. Outstanding issues include ensuring that environmental, health and safety regulations are not waivable within grant programs. Other issues include ensuring the President's ability to appoint the Vice President or other individual as chairperson of a statutorily created Community Empowerment Board.

Campaign Finance Reform -- DPC, OVP, and Counsel's office coordinated with Commerce to send this week a letter to the Federal Communications Commission in support of Fox Broadcasting Co. for an exemption from the "equal opportunities" provision of Section 315 of the Communications Act to allow Fox to provide free TV air time to presidential candidates this fall.

IMMIGRATION

Legislation -- The Administration forwarded its views letter on the immigration legislation to Congress. Commissioner Meissner began meeting with conferees. (She has met with twelve so far.) Senator Kennedy's office reports that there are 40 Senators now committed to signing a letter opposing the provision to kick illegal immigrant kids out of schools. Former President Bush criticized trying to address illegal immigration by throwing kids out on the streets. Many law enforcement officials and groups -- such as the Fraternal Order of Police and International Brotherhood of Police Officers -- as well as educators continue to contact Congress in opposition to this provision.

EXTERNAL ACTIVITIES

MEETINGS

On Tuesday, June 4, I spoke at the Annual Meeting of the National Transition Network about school to work and other life transitions for disabled students.

On Wednesday, June 5, I attended the CASA (National Center on Addiction and Substance Abuse at Columbia University) press conference and luncheon where Joe Califano, CASA's director, presented CASA's new report, *Substance Abuse and the American Women*. Betty Ford, her daughter Susan, and General McCaffrey also spoke.

On Wednesday I hosted a White House briefing for the National Society of Professional Engineers. Don Arbuckle of OIRA, Arati Prabhakar, Director of NIST, and Joseph Bordogna of the National Science Foundation addressed the group. Al Miller of Newport, AR has recently been elected to the Executive Committee of this organization and was with them.

On Wednesday I also spoke at a Women Information Network Dinner with three other "Women in the White House."

PRESS

On Wednesday I was interviewed by Lincoln Steed of *Listen* magazine, a magazine for young people that stresses positive choices with an emphasis on avoiding alcohol and drugs. He is planning to do a cover story on my daughter and myself.

Vicki

I would not take
this as a definite
asp on #1. Pres. seem
reluctant - JH

THE PRESIDENT'S OFFICE
6-16-76 6 17 96

THE WHITE HOUSE

Mr. President -

Attached is another
copy of our Olympics
proposal memorandum.

Please let us know
your reactions on the
memo (your schedule
doesn't accommodate a
meeting.) In particular,

① would you like ^{to see}
to visit a qualifying
event or training session
before the Games; and

② are there other
events (besides women's
gymnastics) we should
consider. ? Thanks,

OK This is Vicki

6.18.96

THE WHITE HOUSE
WASHINGTON

June 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: LEON E. PANETTA

SUBJECT: PROPOSED OLYMPICS SCHEDULE

Attached is a proposed schedule for your involvement with the Olympic Games.

In arriving at these preliminary recommendations, the White House staff has been working closely with Mack McLarty and with the Atlanta Committee for the Olympic Games, the U.S. Olympic Committee and the International Olympic Committee.

Please let us know if you have any questions or would like to discuss any aspect of the proposal. In particular, we could explain how this proposed schedule compares with the participation in Olympic Games of past Presidents. We could also review in greater detail the various options for the competitions you might wish to attend.

we need to discuss
whether I should go
to opening or closing
of Paralympics -
R

THE WHITE HOUSE

WASHINGTON

PROPOSAL -- CLOSE HOLD

**1996 CENTENNIAL OLYMPIC GAMES
PRESIDENTIAL SCHEDULE OF EVENTS**

June 20 (Thursday): Torch Arrival at White House

- The Olympic torch relay reaches D.C. during the day. The torch itself will arrive at the White House at night (about 9:50 p.m.) during the Congressional Picnic. The picnic guests will be able to watch the torch relay traveling through the streets of D.C. on the Olympic Committee's portable large-screen monitor set up on the South Lawn.

- The President, Vice President and their families will greet the Olympic flame as it is placed in its cauldron overnight. The torch will be run in by one of the D.C. metropolitan area's community hero torchbearers (selected by the White House working with the Olympic Torch Relay committee). The President will make very brief remarks.

June 21 (Friday): Torch Departure from White House

- The next morning (from 7:30 to 8:05 a.m.), the President will bid farewell to the Olympic flame before a gathering of about 4,000 on the South Lawn. Chelsea and perhaps the Gore children will help to relight the torch from the cauldron, taking the torch to the President who will hand off to the torchbearer.

- The President's remarks will highlight the community hero/torchbearers, showing how their remarkable individual achievements were supported by and contributed to their communities. This event will be carried live by the Today show (and possibly by other morning shows).

Late June/early July: Olympic Qualifying Event (tentative)

- The President could attend an Olympic qualifying event or a pre-Game training session. Consistent with their training needs, the President could then visit athletes with compelling personal stories. We are reviewing the stories of relevant athletes. (Attached at Tab 1 is a memorandum detailing the remarkable backgrounds of some of the athletes.) The President could thereafter follow the Olympic experiences of these selected athlete-heroes -- watching their events with their families, calling them after their competitions win or lose, etc.

July 19 (Friday): Opening Day Events

- **Olympic Village (a.m.).** The President will address the U.S. Olympic team to cheer them on in the Village, and eat lunch in a Village dining hall with athletes from around the world.

• **Reception (p.m.).** In the late afternoon, the President will host a reception for visiting Heads of State, and greet the members of the International Olympic Committee.

• **Opening Ceremonies (p.m.).** The President -- in his role as Head of State of the host nation -- will open the Games with the official 17-word Olympic statement.

July 20-August 3: Olympic Competitions

• **Atlanta.** The President could make a return visit to Atlanta to watch one of the Olympic finals. In particular, the President might watch (and then visit with) one of the athletes he had been following because of his or her compelling personal story. (Attached at Tab 2 is the Olympics finals schedule.) Options include:

OK -- July 25 for the women's gymnastic finals, one of the most popular events of the entire Olympics; or

Assess -- ~~August 3~~ for the men's basketball finals, another highly popular event.

• **Outside of Atlanta.** A limited number of Olympic competitions will be held outside of Atlanta. For example, preliminary competitions in men's and women's soccer will be held in Washington, D.C., in Miami and Orlando, Florida, and in Birmingham, Alabama. (Attached at Tab 3 is a listing of the Olympic competitions to be held outside of Atlanta.)

July 20-August 3: Other Principals' Schedules

• The First Lady, the Vice President, Mrs. Gore, and the Clinton and Gore children may make additional trips to the Games. For example, the First Lady and Chelsea will likely make a separate several-day visit akin to their 1994 Norway trip, and will include cultural as well as sporting events on their schedule. The Vice President and Mrs. Gore will attend a portion of the Games, and will also be on hand for the Closing Ceremonies. (In addition, we hope the Vice President will be at the Opening Ceremonies for the Paralympics on August 15.)

• Other members of the Administration may attend some competitions as part of the official U.S. delegation or on their own (consistent with the guidelines issued by the White House).

August 7 (Wednesday): White House Event for Olympic Athletes

• The President and other principals will celebrate America's Olympic team in a post-competition South Lawn event with all the U.S. athletes.

GS / 6 spelling / V Road / Am Lewis / Wain Oran

We need a rebuttal to this

Be

THE PRESIDENT HAS SEEN
6-18-92

Philadelphia Inquirer

6/16/96

P.1 of 2

Campaign '96

Clinton lacks an agenda, but some

By Dick Polman
INQUIRER STAFF WRITER

Bill Clinton might become the first Democratic president in 60 years to win a second term, but Robert Dallek is not impressed. In truth, he's somewhat exasperated. He says he can't figure the guy out.

A presidential scholar for the last 30 years, and a critically acclaimed biographer of Lyndon Johnson, Dallek keeps waiting for Clinton to articulate a vision, perhaps a

post-New Deal agenda for the Democratic Party — something to portray Clinton as more than just the unDole or the anti-Newt.

In all likelihood, he'll wait in vain.

"Ask yourself the question: What would his second term be like? It's almost impossible to fathom," says Dallek. "The truly effective presidents have always had a larger purpose that they wanted to achieve. A lot of Democrats miss this fact. If you're shifting positions all the time, then people will see you as just another opportunist. It mysti-

fies me that someone as bright and astute as Clinton can't put things together into a grand design."

A fair number of Democrats harbor similar doubts. It's just that most have been lulled into quiescence; after all, Clinton is moving Bob Dole all over the chessboard and cruising in the polls. As one veteran of the 1992 Clinton campaign remarks, "Success papers over a lot of anxieties."

Nevertheless, some still believe that Clinton and the Democrats should float a few

aren't sure he needs one

big concepts of their own, and not just paint themselves as faux Republicans who will swipe the best GOP ideas while protecting people from the perceived excesses of the Newt Gingrich conservatives.

And it hasn't escaped their notice that Clinton rarely asks voters to give him a Democratic Congress. They think he would prefer to have Gingrich remain as House speaker, for use as a foil. A party regular who knows Clinton well says: "Bill has never been interested in the party standing

for anything. ... Winning is the object, not committing to policy."

"You've got to give people a reason to elect you for a second term," says David Kusnet, who was Clinton's chief White House speechwriter in 1993 and 1994. "It's a problem that incumbents often have. That's what helped destroy George Bush. Any president going for a second term needs to define some kind of mission. I happen to think that 'paycheck economics,' aimed at work-

See CAMPAIGN on E2

PHOTOGRAPHIC

Inquirer

6/16/96

p. 2 of 2

A candidate without an agenda?

CAMPAIGN from E1

ing-class voters, could be a mission."

Brian Lunde, a Washington Democratic strategist who worked with Clinton back in Arkansas, says: "When people vote, they like to look into the future. But to meet that need, Clinton would have to come up with an agenda. I don't think we're going to get that. . . .

"And he does run a political risk for not saying what his second term would be like. That might give Dole an opening — to put his own spin on what a Clinton future would be."

But Dole has tried that tactic already — warning that an unfettered Clinton would govern as a liberal — and it hasn't worked. Indeed, Dole's failure to gain traction has convinced many Democrats that a vision search is a waste of time. Besides, they say Dole isn't exactly a visionary guy himself.

"Do we need our own version of a Contract With America? Yeah, I suppose that would be nice, just for show," says Bob Kolt, a Democratic strategist based in Michigan, a key '96 battleground. "But we don't have one right now, and I don't think that's bad."

"Most hard-working people won't sit down and say, 'Does Clinton have a big agenda for the future?' No, they'll just ask: 'Is he saying the right things right now? Is he on our side?' Most voters make decisions based on limited information."

Tom Lindenfeld, a former aide at the Democratic National Committee who is handling some key congressional races, agrees: "I know that some Democrats are hung up on the idea that we're contrasting ourselves too much against the Republicans. Well, I don't think that you can do that enough."

Actually, some grand thinking is going on behind the scenes. At the White House, aide Bruce Reed is charged with the task of scop-

ing out the next four years; contrary to Dole's warnings about second-term liberalism, Reed is a centrist "New Democrat" who worked at the Democratic Leadership Council, a moderate group.

And on Capitol Hill, the House Democrats, under Minority Leader Richard A. Gephardt, are expected to unveil a mini-contract of their own, probably late this month. This agenda is expected to feature some populist ideas aimed at working-class people who are worried about their jobs — modest proposals that don't scare the voters, or lead them to expect too much.

One source close to the agenda says: "What people are looking for is, they want government to help them to help themselves. We've got to come up with four or five things that can help working families move up the economic ladder — tax credits for job training, vastly expanded IRAs. Things that these people can almost physically touch."

However, there is no reason to assume that Clinton and the congressional Democrats will find a common agenda — particularly since the party's House leaders are generally more liberal than Clinton. And Ted Van Dyk, a Democratic analyst who worked for Lyndon Johnson and Hubert Humphrey, says, "Clinton is not interested in falling on any ideological swords."

But analyst Charles Cook thinks that Clinton is smart to think small. Cook, who runs a Washington political newsletter, says that Clinton understands his era:

"What would he be able to accomplish, domestically, in 1997? The party that wins the House will do it narrowly. They'll be hanging onto power by their fingernails. And the Senate will probably stay Republican. So Clinton, as most presidents do in a second term, would turn to foreign policy."

In fact, some Democrats argue that the '90s are not vision-friendly — that people are cynical and don't believe promises anyway; that there's no money in the till; and that, indeed, Clinton has tried a number of vision slogans in the past (New Covenant, Age of Possibility, New Progressivism), none of which have dazzled the populace.

Lunde, a pro-vision Democrat, concedes: "Clinton understands he can't fight history. This is an era of congressional dominance. This is no time to try anything bold, because we're broke. So he figures it's better to rush to the center, and make the election about nothing — no theme in particular. If it's about nothing, he wins. The bar is set pretty low these days, and he knows it. That's why he's the master."

But Kusnet cautions against judging Clinton too harshly. He argues that the President has actually pursued some consistent themes: among them, racial reconciliation and the importance of education.

"I can see him in his second term taking a real hard look at education: How do you get a high school kid into a good-paying job at age 30? Do you improve vocational ed? This doesn't have the ideological power and clarity of Ronald Reagan fighting communism. This isn't left versus right. It's about solving a problem."

Dallek is sympathetic — up to a point.

"It may be that the times are against Clinton. But it also may be that he doesn't have the core beliefs of FDR, who was determined to humanize the American industrial system, or LBJ or Reagan. He'll always be quite a challenge for historians. Right now, I see him as average, like most of the faceless characters who fade when their terms end."

"On the other hand, it's unusual for us to get bold, effective leaders. And that really speaks to how well we seem to manage, as a country."



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN

1-18-96

June 14, 1996

96 JUN 14 PM 8:08

MEMORANDUM FOR THE PRESIDENT

FROM: KATHLEEN A. McGINTY *McGinty for*

CC: LEON PANETTA

RE: CEQ WEEKLY REPORT

FERC ORDER

Today, I announced the successful resolution of the Environmental Protection Agency's referral of the Federal Energy Regulatory Commission open access rule. As a result of this review, Americans will enjoy both cleaner air and up to \$5.4 billion a year in lower energy bills. This has been quite dicey but I think we threaded the needle successfully. I will keep you apprised of reactions. Attached is a copy of the statement I released today.

TIMBER RIDER CASE

In an upbeat turn of events, we won our appeal from three of Judge Hogan's rulings that had endorsed extremist interpretations of the portion of the timber rider requiring us to release old growth sales in Oregon and Washington. The most important part of the decision allows us to withhold from harvest 77 sales that contain nesting threatened and endangered birds. Additionally, the Ninth Circuit supported our view that 4 sales that had been enjoined by a court prior to the rider's passage (and that include vitally important fish spawning areas) do not have to be released.

We will have to offer replacement timber for the sales that now will not be harvested because of nesting birds (this involves approximately 255 million board feet). Our position is that the replacement sales will be offered under the regular environmental laws. Industry will no doubt litigate that issue, also. However, saving the sales containing nesting birds is an extremely important victory for us. Among other things, possible release of these sales were the single most serious threat to the continued legal viability of the Forest Plan. Their release was also likely to lead to a significant increase in civil disobedience over the summer.

On that front, in a front page story The Oregonian reported on June 9th that forest interests continue to struggle with the salvage logging rider and old growth timber on federal lands. Protests continue to occur at logging sites and are growing.

ENVIRONMENTAL AGENDA

House Resources Committee ranking member George Miller (D-CA) on Monday, June 10th denounced a memo from Representative Bill Paxon (R-NY) sent last week to Republican House candidates suggesting press conferences and other events to promote the House GOP environmental agenda. Representative Paxon suggested candidates should host an environmental cleanup at a visible site and invite the press. The letter is attached for your review.



For Immediate Release

June 14, 1996

STATEMENT BY KATHLEEN A. MCGINTY

Today I announced the successful resolution of the Environmental Protection Agency's referral of the Federal Energy Regulatory Commission open access rule to the Council on Environmental Quality. As a result of this review, Americans will enjoy both cleaner air and up to \$5.4 billion a year in lower energy bills.

In response to the EPA referral, FERC made important commitments to future actions to protect clean air. When combined with the Administration's efforts to achieve clean air through cooperation with the states and under the authorities of the Clean Air Act, these commitments will provide the environmental safeguards that people want and deserve. The Administration will also pursue the use of innovative approaches such as emission cap-and-trade programs in achieving these goals.

The successful resolution of this referral shows the value of the National Environmental Policy Act in bringing together federal agencies and the public in order to make sensible decisions about environmental protection.

* * *

Note: Ms. McGinty made the determination earlier today with a letter to EPA Administrator Carol M. Browner and FERC Chair Elizabeth A. Moler. The letter is attached.

Forest interests continue tussle on salvage law

Environmental groups want old-growth protections, but industry says harvests will have little impact

By BRIAN T. MEEHAN

of The Oregonian staff 6-9-96 A-1

As the Pacific Northwest slips toward summer, the so-called salvage logging rider has raked in a firestorm about old-growth timber on federal forests.

Industry says it is a blip in the Northwest's prodigious history of timber harvest. Environmentalists call it a final assault on the region's last giant trees.

The rider, a congressional attachment to the 1995 Reclamation Bill, continues to play out in contentious ways

In old-growth stands on the west of the Cascade Mountains and bug-scarred pine forests on the east.

Authorities have arrested more than 500 demonstrators at 10 protests, ranging from the Portland regional headquarters of the U.S. Forest Service to logging sites at Enola Hill and Tobe West. Protesters have chained themselves to road gates and pickups.

Civil disobedience seminars are being held in Eugene. And the summer promises more protests as logging picks up. "The public is frustrated because we

are seeing ancient forests they thought were protected being cut down," said Mark Hubbard of the Oregon Natural Resources Council. "Public sentiment is so much against this rider."

The view shifts dramatically within the wood products industry, which is skeptical that President Clinton's Northwest forest plan will live up to its promises of stable timber harvests.

Industry leaders say environmental-



Please turn to
TIMBER, Page A19.

Timber: Industry says protests are not in proportion with volume

Continued from Page One

lets are using a relatively small amount of timber to revive their political movement.

"The reaction from the environmental community is way out of proportion to the actual volume," said Jim Gelsinger of the Northwest Forestry Association.

The rub for environmentalists is Congress' attempt to make these sales, which include more than 500 million board feet of old-growth timber, bulletproof.

The reclamation bill, which Clinton signed last July, exempts many timber sales from environmental laws, public comment and agency appeals. It authorizes three kinds of sales:

■ Salvage in forests damaged by insects or fire.

■ Sales previously authorized by Section 318 of a 1990 appropriations act. Court rulings later expanded this category to include other unsold sales in Western Oregon and Washington.

■ Sales authorized under the Northwest forest plan, the administration's strategy for managing federal timberlands west of the Cascades. It grew from the prolonged fight about protecting old-growth habitat for the northern spotted owl.

The salvage logging rider directed the U.S. Forest Service and Bureau of Land Management to release 4.5 billion board feet of damaged timber nationwide by next year.

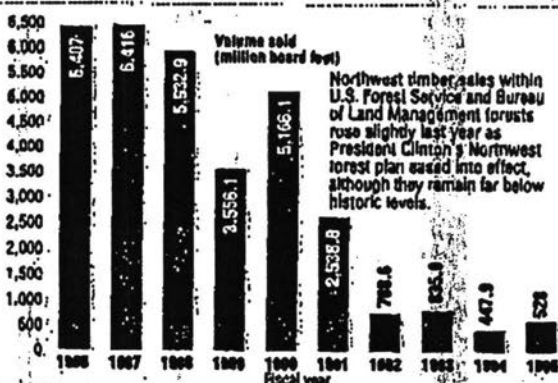
Federal timber managers bristle at the "logging without laws" charge leveled by environmentalists. Forest managers say salvage sales meet environmental standards, such as streamside buffers to protect salmon.

Bob Williams, the Forest Service's interim regional forester, said the only relief the agency received for salvage sales was from administrative appeals.

"In terms of the quality of the work being done on the ground, the quality of the sale being offered ... it's all the same," Williams said.

But the Section 318 sales, more than 150 of them, are another matter.

FEDERAL TIMBER SALES



These sales were designed before the forest plan strengthened environmental safeguards. Many violate current standards. Streamside buffers are narrower, and the logging method is clear-cutting, a practice the forest plan virtually abandoned. Most 318 sales were suspended because of environmental concerns.

Congress nonetheless ordered the agencies to release the 318 sales unless they were occupied by threatened birds. And if a sale harbors marbled murrelets, a threatened seabird that nests in coastal old growth, the agencies must replace it with timber of equal quality, which is increasingly rare in the Northwest.

The industry views the 318 sales as a bridge to when Clinton's forest plan reaches full wood production. Last year, the region produced about 60 percent of the plan's annual goal of 1 billion board feet.

The 318 sales are a throwback to the 1980s, when a single old-growth log often filled a log truck. Old-growth timber production today is a shadow of what it was as recently as 1988, when 6.4 billion board feet of timber came off the region's national forests.

Changing public values attached more importance to the vital ecological niche provided by old-growth forests. The debate about the spotted owl focused national attention on the region's vanishing giant trees.

The argument culminated April 3, 1993, when Clinton convened a forest conference in Portland. This effort led to the Northwest forest plan, which protected most of the remaining federal old growth. Or so environmentalists thought.

"I think the rider is special-interest legislation at its worst," said Todd True of the Sierra Club Legal Defense Fund.

The rider jump-started 134 multibund sales left from the massive 1990 Section 318 program, which originally authorized the cutting of 7.7 billion board feet of timber. Forest advisory boards, made up of environmental and industry representatives, reviewed the 318 sales on the 13 westside forests that harbor northern spotted owls.

All but a fraction of the 318 old growth has been cut. Logging of most of the uncut volume, about 636 million board feet, was suspended because of litigation and environmental concerns.

"Clearly we would prefer not to harvest them because we had suspended them for what we considered to be good reasons," the Forest Service's Williams said.

The rareness of old growth makes these sales valuable.

The industry says the 318 sales will help mills survive until the forest plan reaches its timber-producing goals. Agency officials have been negotiating with 318 purchasers to amend the old sales to reduce environmental impacts. On some sales, stream buffers have been widened; sensitive areas have been swapped out.

"The bulk of this harvest will have little impact," said Allyn Ford, executive vice president of Roseburg Forest Products. "The agencies have gone out of their way to make these sales environmentally friendly."

Nagging exceptions won't go away on the Siuslaw National Forest, a stronghold for the threatened marbled murrelet on the central coast.

The Siuslaw counts 33 Section 318 sales that have been hung up in a court fight about the future of the robin-sized seabird, which is listed as threatened in Oregon, Washington and California under the U.S. Endangered Species Act.

Murrelets nest high in old-growth trees as far as 60 miles from the sea. The U.S. Fish and Wildlife Service says murrelet declines have been driven by nesting habitat loss.

The wildlife service issued a jeopardy ruling on the 33 Siuslaw sales, which make up 40 percent of the remaining Section 318 timber volume. This ruling, issued under the Endangered Species Act, suggests cutting these stands might speed the secretive seabird toward extinction.

The sales have been frozen pending litigation on methods used to verify the presence of murrelets. Meanwhile, the salvage rider requires the government to replace timber withdrawn from sale because of murrelets.

The timber industry argues that before a sale is withdrawn, hard evidence of the bird, such as eggshell fragments, should be required. Federal biologists respond that locating a nest high in the canopy is rare. Biologists have relied on visual sightings to document murrelets.

In January, U.S. District Judge Michael Hogan in Eugene ruled that biologists must observe nesting behavior, such as murrelets flying under the old-growth canopy. Only then could the sale be withdrawn.

The government appealed Hogan's ruling to the 9th Circuit Court of Appeals. The appellate court's ruling, which is expected this summer, holds profound implications for the murrelet and the Siuslaw. If all the Siuslaw 318 sales are released, the forest would generate more than seven years' worth of timber production in a single season.

"The Siuslaw is the heart of marbled murrelet habitat in Oregon," said Paul Henson, a fish and wildlife service biologist. "It doesn't mean the murrelet will go extinct, but we will increase the chances it will go extinct."

Finding replacement timber on the Siuslaw for stands occupied by murrelets is a daunting task. Two catastrophic fires burned 1.28 million acres on the central coast in 1849 and 1853, and true old growth is scarce.

Environmentalists say the Siuslaw provides vital habitat not only for murrelets but also for ambushed coho salmon and steelhead. They fear the salvage rider could undercut the president's forest plan.

"The environmental community is looking closely at what the rider

is doing to government.



Maria Cino
Executive Director

CANDIDATE ALERT

MAY 17, 1996

**TO: HOUSE REPUBLICAN CANDIDATES
STATE REPUBLICAN PARTIES**

FROM: BILL PAXON

**RE: REPUBLICAN'S STATEMENT OF ENVIRONMENTAL
PRINCIPLES**

Attached is the Republican's Statement of Environmental Principles, developed and distributed this week by The Speaker's Task Force on the Environment and ratified by the House Republican Conference.

The Republican goal is simple: We must replace the outdated approaches of the past with common-sense, flexible and effective approaches that build on consensus, private property ownership, free enterprise, local control, sound scientific evidence and the latest technology.

Ever since Republicans swept Democrats out of power in 1994, there has been a concerted effort by the Clinton-Gore-Babbitt-Browner operation to blatantly and willfully lie about the Republican record on the environment. These lies have been given momentum by the liberal-leaning environmental lobby who have an aggressive strategy to distort the Republican agenda at every turn. As Mark Twain once said, "A lie can make its way half-way around the world before the truth can get its boots on."

Republicans should be very proud of our legislative accomplishments on the environment and our unified and continued pursuit of a cleaner, safer and healthier environment for all Americans. You can use your candidacy as a vehicle for addressing our country's environmental challenges head-on.

Suggested Activities:

- Hold a press conference and issue a press release on the importance of a cleaner, safer, healthier environment for future generations. Ask families and children to appear with you at your press conference. Remember, Republicans are saving the environment for them.

(More)

Republican's Statement of Environmental Principles/Page 2

- Call local newspaper editors and talk radio hosts. Offer to discuss with them why this new approach to a cleaner, safer and healthier environment is so important and how this Republican Congress is truly committed to replacing the outdated approaches of the past.
- Offer to speak with small business coalitions, private property owners, local officials, as well as environmental groups. Write a column in their local newsletter focusing on this new approach for the 21st Century.
- Host an environmental clean-up at a visible site and invite the press to attend — clean up debris at a river that has sustained flood damage, or pick up bottles and cans at a local park.
- Visit a local factory that has instituted new clean-up procedures, or visit a local high-tech company that is on the cutting edge of environmental technology. Ask to speak to the employees during lunch and invite the press to attend.
- Designate a local environmental hero, perhaps a student in a local high school who has instituted a recycling program, or a local hardware store that will dispose of environmentally hazardous material free-of-charge.
- Organize a letters to the editor program. Many newspaper readers turn to the letters section as a reliable source of opinion and commentary — especially if the writer is someone of local prominence like a former mayor or civic leader.

FOR ADDITIONAL INFORMATION AND TALKING POINTS, PLEASE
CONTACT THE COMMUNICATIONS DIVISION AT (202) 479-7070.

Attachment

A NEW ENVIRONMENTALISM

A Cleaner, Safer, Healthier Environment

Vision Statement and Principles
as developed by
The Speaker's Task Force on the Environment
and ratified by the House Republican Conference

The goal of Republican environmental policy is to create a cleaner, safer, healthier environment for all Americans and to pass on to our children and grandchildren a better environment than we have today. To achieve that goal, we must move beyond the outdated approaches of the past. We will offer common sense, flexible and effective approaches that build on consensus, private property ownership, free enterprise, local control, sound scientific evidence and the latest technology.

We base our views on the following principles:

1. Americans should be assured that their air and water is clean and safe, that they have access to outdoor public recreation areas, and that our historic and wilderness areas will be protected.
2. Regulations should improve the environment by setting common sense standards without dictating the precise technologies for meeting those standards. The development and use of innovative technologies should be encouraged.
3. Environmental decisions should be based on the most advanced, sound scientific evidence. Research to foster solutions to environmental problems should be encouraged.
4. Federal policy should, where appropriate, be based on incentives for individuals, state and local governments, and businesses to protect the environment, rather than setting down inflexible laws.
5. To ensure better environmental protection, states and localities should play a greater role in setting and enforcing environmental standards for their communities. "One size fits all" approaches fail to meet our environmental goals because needs vary from region to region.
6. Private property owners should be assured greater certainty regarding the use of their property. They should also be assured due process to challenge any adverse decisions and when their property rights are in question.
7. Environmental decisions should be consensus-based, made in consultation with the people whose homes, businesses and communities are directly affected. Our focus should be on accomplishing environmental goals in a cooperative manner, rather than through wasteful litigation.

6-18-96

THE WHITE HOUSE
WASHINGTON

96 JUN 14 PM 10:01

June 14, 1996

Pamela

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*

SUBJECT: Summary of Cabinet Weekly Reports
June 7-14, 1996

DEPARTMENT OF TREASURY

- **GAO Critical of Tax Systems Modernization (TSM):** A just released GAO report concluded that while "actions are underway" at the service, "the IRS has not yet corrected management and technical weaknesses." Although the IRS now proposes to obtain additional help from outside contractors, GAO said the IRS cannot manage its current contractors successfully and recommended that Congress consider limiting TSM spending to small, low-risk, short-term projects. The Department has reduced the FY97 funding request for TSM from \$850 million to \$664 million and is engaged in aggressive oversight of this program. Treasury is working with GAO and the Hill to ensure that they are fully aware of the corrective measures being taken.
- **Customs seizures:** On June 2, Customs agents seized 2,597 pounds of marijuana and made three arrests in El Paso, TX as the result of a joint investigation by the El Paso Police Department, DEA, and Customs. On May 30, inspectors, canine enforcement officers, and members of the Florida National Guard seized 600 pounds of cocaine on an American Airlines flight arriving from Bogota, Colombia. The cocaine was concealed inside an industrial textile roller.

Brady Bill: On May 27, a convicted murderer was sentenced to 37 months in prison after he pled guilty to purchasing firearms illegally. In October 1995, ATF was advised of the name of the man after he was denied the purchase of a handgun as the result of a Brady check. ATF special agents investigated the check results and determined that the attempted-purchaser had been convicted of murder. A search of the man's house by ATF agents uncovered eight firearms that the defendant purchased between January 1994 and the enactment of the Brady Law.

*Go Robin
Good!
New good report
w/ Brady Bill*

THE PRESIDENT HAS SEEN

6-18-96

- **Peter Max:** On June 5, in New York City, pop artist Peter Max and his accountant, Ruben Gorewitz, were indicted on federal conspiracy and tax fraud charges. The 11-count indictment alleges Max did not report income he received from more than \$1.1 million in art sales, and furthermore bartered his art for goods, services, and real estate.
- ✓ **District of Columbia:** The District government, Council and the Authority have been meeting intensely over the last week to reach a consensus on an approved Financial Plan. The Authority held a public hearing on June 13, the Plan will be released on June 17. On June 18, Congress will hold a hearing on the District budget.
- ✓ **Community Development Financial Institutions Fund:** On June 13, the House Appropriations full Committee marked up the VA-HUD Appropriations bill. Treasury requested \$125 million for CDFI and was funded in the Subcommittee mark at the FY 96 level, \$45 million, with no program changes.
- ✓ **Church Burnings:** On Monday, June 10, the House Judiciary Committee approved loosening existing rules for Federal investigations by specifying that an arson need only affect interstate commerce rather than directly involve goods or activity crossing state lines. On June 11, Chairman Lightfoot held a press conference to announce his intention to begin work on a \$12 million supplemental appropriation for ATF to provide resources for church fire investigations.
- **Secretary's Schedule:** On June 20, Secretary Rubin will testify before the Senate Appropriations Subcommittee regarding Treasury's FY97 Appropriations.

DEPARTMENT OF COMMERCE

- **Economic Indicators Due for Release in the Next Two Weeks:**

Quarterly Financial Report-Manufacturing, Mining and Wholesale Trade (April 1996)	June 14
1st Quarter 1996 Housing Starts and Building Permits (May 1996)	June 17
U.S. International Transaction (May 1996)	June 18
U.S. International Trade in Goods and Services (April 1996)	June 20
- **Dateline:** On June 16, *Dateline NBC* will feature a story on the National Weather Service (NWS) and the April tornado in Fort Smith, AR. The implication of the story is that the lack of warnings by the NWS resulted in the three deaths. NWS officials from the regional office in Tulsa, OK were interviewed on camera for this report. Although NOAA has had positive endorsement from experts of their actions of this tornado, the story is expected to be negative.

- **Secretary's Schedule:** Secretary Kantor will travel to East Asia in late June to promote U.S. business. In July, he will lead a business development mission to Bosnia/Croatia to support peace in the Balkans and continue the mission started by the late Secretary Brown. In August, Secretary Kantor will host the U.S.-Mexico Infrastructure Conference in San Antonio, TX. This conference is a follow-up to the 1993 U.S.-Mexico Border Infrastructure Finance Committee and will be attended by several hundred senior business executives and government officials.

DEPARTMENT OF LABOR

- **McDonnell Douglas Strike:** On June 5, workers at McDonnell Douglas walked out of the St. Louis plant. Approximately 6,400 machinists at McDonnell Douglas Aerospace Corporation remain on strike at the defense company's St. Louis military aircraft plants. On June 12, McDonnell Douglas announced that it will hire nonunion temporary replacement workers and move some production to subcontractors. The company's decision to use replacement workers has angered the union, and may make reaching an agreement more difficult.
- ✓ **Levi-Strauss:** On June 12, Levi-Strauss announced that it is proposing to reward each of its 37,500 employees worldwide with a one-time bonus equal to about a year's pay if the company meets its performance goals over the next six years. Representatives from Levi-Strauss briefed DOL staff on their announcement.

DEPARTMENT OF TRANSPORTATION

- **Crash of ValuJet Flight 592:** The on-site investigation of the fatal accident of ValuJet Flight 592 has been completed. With slightly over half of the aircraft recovered, the NTSB has decided to suspend the salvage activities in the Everglades. The initial 30-day special emphasis inspection of ValuJet operations will conclude on June 16, however the intensive inspections will continue beyond that date. The FAA is currently assessing the results of inspection activity to date to determine appropriate next steps with respect to ValuJet. Actions against ValuJet may be announced Monday or Tuesday. Leon Panetta will be briefed on the proposed actions.
- **Columbia:** On June 18-19, civil aviation talks with Colombia are scheduled in Washington, D.C. to discuss American Airlines proposed New York-Bogota service.
- **Secretary's Schedule:** On June 19-20, Secretary Peña will travel to Seattle and Tacoma, WA to witness the signing of a \$12.5 billion order for new aircraft by Singapore Airlines, a deal facilitated by the Secretary Peña's visit to the Far East last November. On June 20, Secretary Peña will participate in a Port of Seattle groundbreaking for a \$250 million new terminal for American Presidents Lines,

which used ISTEA funds to bring the rail line directly into the port of Seattle. 1,500 new jobs will be created. On June 21, Secretary Peña will hold the fourth National Forum on the reauthorization of ISTEA in CA. He will hear testimony from leaders from CA, NV, and AZ on highway and transit issues including border crossing infrastructure and innovative financing.

UNITED STATES TRADE REPRESENTATIVE

- **IPR Enforcement:** On June 13, the USTR team traveled to Guangdong, the site of the most egregious IPR violations in China, for further consultations. Prior to her departure, Ambassador Barshefsky met with Chinese Ambassador Li Daoyu to discuss the need for implementation of the IPR Agreement. June 17 is the deadline for imposing sanctions of \$2 billion of Chinese imports.
- **WTO Gasoline Dispute:** The U.S. will advise the WTO Dispute Settlement Body of our intentions with respect to compliance with the Gasoline Appellate Body Report finding that EPA's reformulated gasoline regulation is inconsistent with the WTO. Ambassador Barshefsky has sent a decision memo to you.
- **Release of April 1996 Trade Numbers:** On June 20, Ambassador Barshefsky will participate with Secretary Kantor in a press event to announce the April 1996 trade numbers.

SMALL BUSINESS ADMINISTRATION

- **Empowerment Zone Events:** Administrator Lader addressed an SBA-organized Empowerment Zone /Enterprise Community (EZ/EC) event in Charlotte, NC on June 12 including Mayor McCrory, local officials, EZ/EC and SBA partners and 100 small business owners to highlight SBA's efforts in the enterprise community. On June 15, the Administrator will join Congressman Rogers, Governor Patton and University of Kentucky President Wethington for the opening of a One Stop Capital Shop in Somerset, KY a rural Empowerment Zone. On June 19, the Administrator will be in Charleston, SC with Mayor Riley for an EZ/EC event and then in Williamsburg, SC for another EZ/EC event.

FEDERAL EMERGENCY MANAGEMENT AGENCY

- **Disaster Activities:** There was one new Presidential declaration this week in Alaska as a result of fires. Preliminary Damage Assessments (PDAs) are currently underway in ten counties throughout Minnesota as a result of flooding and high winds. PDAs have been completed in Iowa and Ohio due to flooding. Requests are under review for Indiana, Iowa, Nebraska, New Jersey and Ohio.

DEPARTMENT OF JUSTICE

- **First Police Misconduct Complaint Filed Under 1994 Crime Bill:** On June 6, DOJ filed a contested complaint under the Police Misconduct provision of the 1994 Crime Bill against the Sheriff of Iberia Parish, LA, and the Warden of the Iberia Parish Jail. The complaint alleges that the defendants have engaged in a pattern and practice of physical abuse of jail inmates, including hog-tying them, wrapping their mouths with duct tape or placing football helmets backwards on their heads to keep them silent, and misusing a restraint device known as "the Chair."
- **Sentencing in Arson of Home Rented to African-American:** On May 30 and 31, additional sentences were handed down in KY to defendants Darryl Hamilton and Brian Charles in United States v. Brown. The case stems from an incident on October 6, 1994 in which Hamilton and Charles and another defendant set fire to a home in Lexington, KY, owned by a white couple who had rented a room to Dominic Beal, an African-American man. Hamilton was sentenced to 110 months in prison to be followed by two years supervised release. Charles was sentenced to 51 months in prison to be followed by two years supervised release.
- **California Motor Voter Case:** On May 31, the court entered an order in Wilson v. United States, the court found a number of California statutes to be pre-empted by the Motor Voter law and ordered the state to file semi-annual compliance reports for the next three years, and directed the parties to submit a proposed final judgment to the court within 30 days.
- **Bilingual Voting Case:** On June 3, the three-judge court in United States v. McKinley County, NM issued an order declining to enter a proposed amended consent decree. The proposed decree would have provided for a Native American language election information program, pursuant to the Voting Rights Act. A similar decree had been effect, but expired. The court's order does not specify its objections to the proposed amended decree. The Justice Department is considering asking the court to provide clarification.
- **Child Pornography Forfeiture Case:** On June 5, U.S. District Court Judge Howard B. Turrentine rejected defense arguments and ruled that there is no "scientific research" exception to the federal child pornography statute and held that more than 200 commercial magazines seized by U.S. postal inspectors were subject to forfeiture under the Child Protection Act of 1984.

- **Operation Senior Sentinel:** "Operation Senior Sentinel," a Las Vegas, NV Telemarketing Task Force that identifies illegal telemarketers for prosecution has arrested 212 individuals on charges of telemarketing fraud. Over 3,500 victims have been identified. In a recent case, four individuals working for the false company, "Say No Now," were convicted for defrauding elderly consumers out of \$1.2 million.
- **Shining Path:** On June 3, Peruvian citizen and fugitive Julian Calero Salazar was provisionally arrested in the Southern District of New York pending extradition to Peru. Calero Salazar, an alleged member of the "Shining Path" terrorist organization, is the subject of five Peruvian arrest warrants.
- **International Money Laundering Investigation Concluded:** DEA Miami reported the termination of a six-month investigation in conjunction with the Bogota County Office, Colombian National Police, and the U.S. Customs Service. DEA Miami developed information that a Miami bank vice-president was manipulating funds through 1,100 bank accounts under her control. DEA has frozen these 1,100 accounts, totaling approximately \$25 million, and placed four defendants under arrest.
- **Violent Youth Predator Act:** On June 4, Congressman McCollum introduced his Violent Youth Predator Act. The bill provides for automatic adult prosecution for juveniles 14 or older who commit serious violent crimes and optional adult prosecution for juveniles 13 or older. The bill also provides for enhanced mandatory minimum sentences for possessing, brandishing, or discharging a firearm in the course of a federal violent crime. The bill directs the Attorney General to appoint at least one federal prosecutor in every U.S. Attorney's Office to handle armed violent youth predators and requires every U.S. Attorney to establish a task force to coordinate efforts with State and local officials. Senator Dole introduced a similar bill in the Senate.
- **Child Pornography Prosecutions:** On June 4, Senators Hatch and Grassley wrote to the Attorney General seeking to speak to DOJ employees concerning "the alleged attempt to thwart the execution of Project Special Delivery in AZ. The letter said the Committee generally did not believe line attorneys should respond to Congressional oversight requests, but claimed that this policy requires political appointees to be forthright. Senator Grassley believed that U.S. Attorney for the District of Arizona Janet Napolitano may not have been forthright with respect to his inquiries. On June 6, the Attorney General received another letter from Senators Hatch and Grassley, in which they requested information concerning the execution of "Project Special Delivery" and other child pornography cases. The requests included communications by U.S. Attorneys with DOJ that raise concerns about the project, communications between the U.S. Attorney's Office in Arizona and DOJ about its

treatment of child pornography and molestation cases. The Department is reviewing the requests to determine which materials in its possession are responsive to those requests, and whether their release would be consistent with various law enforcement interests.

- **Attorney General's Schedule:** On June 16, the Attorney General will address the National Sheriff's Association Portland Convention Center, OR. On June 20, the Attorney General will address the National Gang Symposium in Dallas, TX. On June 21, the Attorney General will address the Big Brothers/Big Sisters National Conference.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **First Child Welfare Waiver for Delaware:** On June 17, Secretary Shalala along with Governor Carper will announce approval of a demonstration project to initiate reforms in child welfare services for the state of Delaware. Federal funds will be used for assisted guardianship placements for children who cannot be reunited with their parents. The state will also use federal funds to provide substance abuse treatment for parents in order to reduce the need for placing children in foster care.
- **Los Angeles County:** HCFA is awaiting a formal amendment request from California to extend for one year certain financing provisions of the Los Angeles County Medicaid demonstration. HCFA plans to approve the amendment once it is received. Approval of this amendment will give the State and the County time to focus on developing a plan for restructuring the health care system throughout the remainder of the five year project period.
- **Florida Welfare Proposal:** In the next few weeks, HHS expects to approve Florida's welfare reform proposal called the Family Responsibility Act Demonstration. This proposal is for a statewide demonstration that includes two provisions. One requires school attendance for teenagers under the age of 18; the other establishes a family cap under which the family will receive half the benefit increment for the first child conceived while receiving AFDC and no increment for any subsequent children conceived while receiving AFDC.
- **Wisconsin Welfare Reform:** A description of the State's proposal was published in the June 10 *Federal Register* allowing for a 30-day public comment period. At the same time, HHS has begun reviewing the proposal and have initiated discussions with the State to seek clarifications and to discuss resolution of some initial issues that have been identified.
- **Replacement of Northern California Medicare Contractor:** HCFA has competitively selected the National Heritage Insurance Company (NHIC), a wholly

owned subsidiary of Electronic Data Systems (EDS), to replace California Blue Shield, which recently resigned as the Medicare Part B contractor. Jobs for 400 current California Blue Shield staff in Chico and Marysville will be maintained.

- **HHS Suspends Certification of Texas Lab for Poor Testing:** On June 11, HCFA announced they would close Pathology Services, a laboratory in Tyler, TX. HCFA forced the laboratory to cease all Pap smears and other cytology tests. The laboratory had incorrectly read laboratory tests done to detect cancerous or pre-cancerous cells on 32 cases. The suspension forces the laboratory to stop all cytology testing and cancels Medicare payments to the laboratory. In addition to their suspension, the laboratory was fined \$10,000.
- **Immunizations:** The June 20 *Mortality and Morbidity Weekly Report* is scheduled to carry an article which contains findings from the National Immunization Initiative. The study indicates that the 1995 interim coverage goals set as part of the Childhood Immunization Initiative have been met or exceeded for a number of childhood infectious diseases.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Cleveland Empowerment Zone:** On June 20, Assistant Secretary Cuomo will be in Cleveland, OH to join Mayor White in announcing a \$4 million loan to Encore Manufacturing and other businesses located in Cleveland's Supplemental Empowerment Zone (SEZ). The loan will expand Encore's current manufacturing facility. The project will create 23 new high paying, highly skilled jobs at the site over the next three years. In addition, Cuomo and White will announce a job matching service that will help place SEZ residents in jobs in the Zone.
- **FY97 Budget.** On June 17, HUD will host a press briefing with trade press on HUD's FY97 budget. Chief of Staff Bruce Katz and several sub-cabinet members will conduct the briefing.
- **Native American Programs:** On June 20, Secretary Cisneros will testify before a joint hearing hosted by Senator D'Amato's Banking Committee and Senator McCain's Indian Affairs Committee on provisions dealing with programs for Native Americans contained in authorizing legislation that would repeal the U.S. Housing Act of 1937.
- **Secretary's Schedule:** On June 16, *NBC Evening News* and *The New York Times* will feature stories on HUD's fatherhood initiatives in Hartford, CT. Secretary Cisneros was interviewed for both pieces. On June 17, the Secretary will travel to

Boston, MA to participate in events with Senator Kerry. On June 18, the Secretary will be interviewed for *PBS Newshour with Jim Lehrer* and on June 19, Secretary Cisneros will meet with E. J. Dionne of *The Washington Post*.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Press Conference:** On June 14, Director McCaffrey held a press conference releasing reports on the latest street trends in drug abuse. The Director will also announce specifics on Southwest Border counterdrug conference with top Federal, state and local officials.
- **Director's Schedule:** On June 18-19, Director McCaffrey will visit Portland, OR to speak to the annual meeting of the National Association of Sheriffs. In addition to meetings with the sheriff's groups, he will meet with members of the local community Anti-Drug Coalitions of America organization. On June 19, he will travel to El Paso, TX to meet with counterdrug support and operations organizations and to prepare for the Southwest Border Conference July 9-10 which will be held in El Paso.

VETERANS AFFAIRS

- **Veterans' Benefits Overpayments:** On June 24, *ABC World News Tonight* is expected to air a segment on veterans' benefits overpayments. The piece will focus on the millions of dollars in overpayments to veterans due to such factors as a change in eligibility status and the steps the Department is taking to address the problem. On May 30, *World News Tonight* interviewed Gary Hickman, VA's Director of Compensation and Pension Service for the segment.
- **Rock the Vote:** On June 17, filming is scheduled at the Long Island, NY, National Cemetery for a public service announcement aimed at young voters. John Popper, a member of the band, Blues Traveler, will be featured in the video playing the "Star Spangled Banner" on a harmonica.
- **Secretary's Schedule:** On June 17, the Secretary will travel to San Diego, CA to address the National Association of County Veteran Service Officers' Opening Ceremony. On June 22, Secretary Brown will speak to the VFW Department Convention on Charleston, WV.

DEPARTMENT OF INTERIOR

- **Full Committee Markup:** On June 12, the House Appropriations Committee met and marked up the Interior bill for FY97. Two controversial amendments were passed including an amendment which provided that none of the funds available

may be used to enforce the designation of critical habitat for the marbled murrelet on private property in CA, with the exception of the 3,000 acres of old growth in Headwaters Grove, and an amendment prohibiting the Bureau of Indian Affairs from taking land into trust unless the tribe agreed to collect and pay state and local sales and excise taxes on purchases made by non-reservation members. An amendment to reconsider the timber salvage provisions of last year's rescission bill was debated at length and failed, as did a proposed amendment to change the procedures for decisions on citing of telecommunications antennae.

- **Alaska Fires:** On June 12, the most devastating of the fires, the Miller's Reach Fire near Anchorage, was fully contained. The fire burned over 37,000 acres, destroyed 344 structures valued at nearly \$9 million, and caused nearly \$1 million in damage to other structures. Over 1,400 firefighters, most of them from the Bureau of Land Management (BLM) and Forest Service, battled the blaze for nearly a week. Even though the fire was on State and private lands, Federal agencies, including the BLM received much credit for promptly and efficiently providing all available fire fighting resources needed to help get the fire under control as quickly as possible.
- **Van Tour:** On June 18-19, Secretary Babbitt will travel to MI to continue his Natural Heritage Van Tours highlighting the clean up of MI's waterways and the increased opportunities for fishing and recreation. The Secretary will visit Bay City, Grand Rapids, Macomb County, Lake St. Clair and Traverse City.
- **Mollie Beattie Honored:** Mollie Beattie, former Director of the Fish and Wildlife, will be the "Person of the Week" on *ABC's World News Tonight* with Peter Jennings. The segment aired June 14. Efforts are also underway to rename the wilderness section of the Arctic National Wildlife Refuge (ANWR) after Mollie. This is receiving bi-partisan support in the Congress. Finally, a wolf pack in Yellowstone National Park will be named the "Mollie Beattie Pack" in honor of her commitment to the historic gray wolf reintroduction program.

UNITED STATES DEPARTMENT OF AGRICULTURE

- **Food Recovery Summit:** On June 17, Secretary Glickman will participate in the first Food Recovery Leadership Summit at Gleaners Community Food Bank in Detroit, MI, the first in a series of meetings to discuss local successes and identify challenges or barriers to food recovery efforts.
- **Dairy Producers Express Concerns:** Dairy interests continue to express concern about the effects of high grain prices and low cull cow prices. Various groups have proposed accelerating USDA cheese purchases for the School Lunch Program, using the Dairy Export Incentive Program more aggressively, and raising Class I milk prices (milk used in fluid products) in Western and Southern markets to help dairy

producers who must buy feed. However, this latter proposal could increase regional differences in milk prices, a primary source of discontent with the current federal order system in the Upper Midwest, and circumvent the process to reform and consolidate federal orders mandated by the farm bill.

- **Tight Rice Supplies Keep U.S. Prices High:** U.S. farmers have been reluctant sellers of old-crop rice, causing domestic prices to stay unusually firm. Producers anticipate a smaller 1996 harvest as a result of a decline in planted area and believe that even higher rice prices can be expected soon. The high prices are beginning to negatively affect U.S. rice exports to important Latin American markets, the Middle East, and Europe. Less expensive Thai and Vietnamese rice are gaining market share. Recently, Vietnam sold some high-quality long-grain milled rice to Brazil, traditionally an important U.S. rough-rice market.

DEPARTMENT OF ENERGY

- **45 Day Oil Study:** On June 13, the Department released its review of market circumstances that led to the recent run-up in gasoline prices. According to the report, gasoline prices across the country will continue their downward trend for the remainder of the summer.
- **DOE Aids Law Enforcement:** On June 13, DOE assisted Suffolk County, NY police in analyzing and recovering radioactive materials found during an arrest of two suspects arrested for conspiracy to assassinate local political and public officials with radioactive materials. DOE analysis determined that they are low-level nuclear materials and that there is no public threat.
- **Pantex Plant:** The *New York Times* is expected to run an article on DOE safety measures at DOE's weapon's disassembly plant in Amarillo, TX. The article is expected to cover whistle-blower safety allegations. DOE is institutionalizing processes to permit fair and final resolution of whistle-blower cases and has taken action to investigate and address these safety concerns.
- **Olympics:** On June 18, Secretary O'Leary will dedicate the photovoltaic energy system in the Olympic Natatorium on the Georgia Tech campus and be available for media. When completely installed, the swimming stadium rooftop will be the largest demonstration of a photovoltaic energy system. Energy expects wide coverage in the local media. On July 14, Vice President Gore is scheduled to visit the Olympic Natatorium.

DEPARTMENT OF EDUCATION

- **Office of Inspector General Report:** On June 10, the Department's Inspector General released a review of the management of the Office of Student Financial Assistance Programs, which was requested by the House Subcommittee on Oversight and Investigations. The report criticizes the Department for certain aspects of its management structure, recommends a comprehensive review of human resources, and implementation of a management re-engineering process.
- **Proprietary Schools Lawsuit:** On June 7, the Department asked DOJ to appeal the decision of the Second Circuit enjoining the Department from enforcing its regulations governing student refund policies, in Coalition of New York State Career Schools v. Riley. The regulations set specific requirements for refunds to students who do not complete the program in which they are enrolled.
- **Literacy:** On June 17, Secretary Riley will hold a press conference to issue a literacy report by the National Center for Education Statistics.

ENVIRONMENTAL PROTECTION AGENCY

- **Cleaner Burning Oxygenated Fuels:** This week, the National Academy of Sciences (NAS) released a report on EPA's cleaner-burning oxygenated gasoline program which is required during the winter months in areas that have unhealthy levels of carbon monoxide air pollution. The report, requested by EPA, reviews a recent draft report by the Office of Science and Technology Policy on the health effects and benefits of oxygenated fuels. Since EPA's oxygenated gasoline program took effect in 1992, concerns have been raised about short-term health effects such as headaches and nausea. The most commonly used component of the fuels, methyl-tertiary-butyl ether (MTBE), has been the focus of these concerns. The NAS report found that, while MTBE does not appear to pose a substantial health risk, further research is needed.
- **Safe Drinking Water:** On June 11, the House Commerce Committee, by a unanimous vote, reported out a bi-partisan bill that would reauthorize the Safe Drinking Water Act. The bill is more protective of human health than the bi-partisan bill that the Senate unanimously passed in November because it has stronger prevention and consumer awareness provisions.
- **Everglades:** The Administration has put the Vice President's Everglades proposal into legislative language. Senator Graham has agreed to attach the proposal, excluding the assessment provision, to reauthorization of the Water Resources and Development Act, which should go to the Senate floor shortly.

OFFICE OF PERSONNEL MANAGEMENT

- **FBI Background Data:** OPM is reviewing draft language submitted by the GAO from its report about the feasibility of OPM's proposed contract with U.S. Investigations Services, Inc. (USIS). The report states the FBI has decided, that for the purposes of conducting background investigations in Federal hiring, USIS employees could be allowed to obtain FBI criminal history information.
- **Work & Family Awards:** On June 20, OPM's third Director's Awards Ceremony for Outstanding Work & Family Programs will be held. The purpose of the program is to encourage work and family programs throughout the Government and to publicize exemplary programs as models for other agencies. The Award winners are the National Security Agency, Center for Disease Control and the Naval Air Station in Lemoore, CA.

DEPARTMENT OF STATE

- **Middle East:** Prime Minister-elect Netanyahu may miss his June 17 target date for finalizing a government. Negotiations with religious parties are taking more time than expected and Russian immigrant party leader Sharansky is dissatisfied with an offer of just one cabinet portfolio. Netanyahu has until July 20, to form a government. His office announced that a visit to Washington, under consideration for late June, will be pushed back to July. On June 11, an upbeat King Hussein told the Secretary, that "agreements that can be reached with Netanyahu can be relied upon."
- **Russia:** Russian officials will still be tallying votes from the first round of the Russian presidential election as Washington opens on June 17. The State Department is preparing for media pressure to comment on the results, but only limited information--turnout, atmospheres, some exit polling, and fragmentary results--will be known at that time. Official results must be announced by July 2, although complete unofficial results probably will be announced June 18.
- **Korea:** Following several weeks of coordination with the U.S. and Japan, Seoul announced its \$3 million contribution to the World Food Program appeal for North Korea on June 11. In addition, the State Department announced a \$6.2 million contribution and the Japanese announced their \$6 million grant this week.
- **Cyprus:** President Clerides's visit on June 18 is an opportunity to renew efforts to overcome the division of Cyprus and cement a solid bilateral relationship. It is also an opportunity to push for further progress on key bilateral areas, particularly efforts to combat international crime and resume an export control dialogue. On the Cyprus program, the meeting can lay a foundation for negotiations when political conditions

improve. The work will initially focus on ensuring security for both sides as part of a comprehensive framework. Special Presidential Envoy Beattie will visit the region in July to secure sufficient progress on security to move toward a comprehensive solution and, ultimately, direct talks.

DEPARTMENT OF DEFENSE

- **Haiti:** The UN Mission in Haiti expires at the end of the month. The Secretary-General has recommended a new mission for six months with civilian police monitors, fewer troops and a mandate that focuses on professionalization of the Haitian National Police.

UNITED NATIONS

- **Iraq:** On June 11, Iraqi authorities refused to allow UN monitors to inspect a suspect facility. The Security Council responded with a resolution deploring Iraq's failure to comply with its obligations and demanding that Baghdad allow the monitors immediate, unconditional and unrestricted access to all sites designated for inspection. In her address to the Council, Ambassador Albright noted that Iraq's behavior constituted a "material breach" of its obligations to the UN.
- **Ambassador's Travel:** On June 17-21, Ambassador Albright will visit Cleveland, San Diego and Los Angeles, in a continued effort to explain and promote the UN as well as U.S. foreign policy objectives at the UN and elsewhere.

UNITED STATES INFORMATION AGENCY

- **Sarajevo:** On June 12, International Broadcasting Bureau Director Geoff Cowan was in Sarajevo to assist in the opening of a Voice of America office.
- **Farrakhan Stirs Anti-US Media:** Louis Farrakhan's visit to Jamaica the week of June 12 has stirred anti-U.S. media coverage. There has been an increase in local columnists bashing the US on race issues. USIS Kingston has responded to numerous queries on Farrakhan and race relations in the US.

cc: The Vice President
Leon Panetta
Harold Ickes
Evelyn Lieberman
George Stephanopoulos
Alexis Herman
Carol Rasco
Maggie Williams

Mike McCurry
Doug Sosnik
Marcia Hale
Donald Baer
Ron Klain
Rahm Emanuel
John Hilley

TELECOPY INFORMATION

Gov Baliles

THE PRESIDENT HAS SEEN

6-18-96

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W / L
pretty impressive
how to respond?
BC

4 Pages (Including Cover)

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Name: The Honorable Gerald L. Baliles
Hunton & Williams (20th Floor)
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June 14, 1996

**The President
The White House
Washington, D.C. 20500-2000**

Dear Mr. President:

Let me bring to your attention a festering problem in our relationship with Japan which will grow into a problem for the country and your Administration.

Since serving as chairman of the National Commission to Ensure a Strong Competitive Airline Industry and being immersed on your behalf for six months in civil aviation issues, I have become convinced that one of the best ways to increase global trade and prosperity for the citizens of our country is to increase their ability to access the international aviation system. Too often, we lose track of just how critical it is to our nation's commerce and economic development to be able to get from one's place of business to a foreign destination efficiently and conveniently.

Today, U.S. businesses and citizens in cities such as Newark, Miami, Orlando, St. Louis, Atlanta, Boston, Dallas, Las Vegas, Portland and Houston have little or no air service to Japan despite the fact that Japan is our largest Asian trading partner and airlines want to provide the service. The reason millions of Americans and hundreds of businesses are being cut-off from that trade relationship is that the U.S.-Japan aviation agreement prevents the service and the U.S. Government is doing nothing to change the situation. Officials in your Administration have adopted a policy that places all of its priority on service between Japan and other points in Asia (like Indonesia). There seems to be no priority placed on service between, for example, Houston, St. Louis or Miami and Japan.

I represent the above listed U.S. cities in a coalition we founded earlier this year and called ACCESS U.S.-Japan. That coalition has membership that includes the airlines that want to provide the service, the cities that want to receive the service and nearly 2,000 other businesses, labor organizations, trade associations, economic development groups, states, mayors, state legislators, academics -- a broad cross-section of people who believe, as I do, in

HUNTON & WILLIAMS

The President
June 14, 1996
Page 2

a simple goal: "more service by more airlines to more cities between the U.S. and Japan and beyond."

A new agreement that achieved that goal could generate more than \$9 billion in annual new economic activity in the U.S. and would help support about 300,000 jobs throughout this country. I am writing to ask you directly why this opportunity has not been seized by the Administration. As Jeff Erickson, President and CEO of TWA which is headquartered in St. Louis, said in a speech Tuesday (June 12) before the Wings Club of New York: "A dozen or more U.S. cities are ready, willing and able to support U.S.-Japan service. Airlines are ready to provide the service, and travelers are prepared to climb aboard.... On its face this would appear to be a slam-dunk in terms of U.S. policy on open skies to Japan. America's long-standing commitment to open skies coupled with the huge benefits from increased service in the U.S.-Japan market would seem to dictate a position of strong defense of existing traffic rights coupled with an unrelenting push for expansion of access to additional cities and additional airlines."

✓ [Mr. Erickson puts it very well, but your Administration seems frozen in place on the idea that it is better not to engage the Japanese in negotiations than it is to risk the Japanese bringing up topics of concerns to them.

The position of the Administration to avoid broad talks with Japan on new opportunities for air service is being reinforced by two U.S. airlines who essentially have a duopoly in the market. In other words, they want to preserve their dominance in the market at the expense of the cities and businesses in this country that truly need, could support and would prosper from better, more convenient, more competitive and lower-cost air service to Japan.

|| The strange thing is, under the guise of preserving our current agreement rights, these airlines and the current negotiating position of the U.S., in reality, is weakening those rights by allowing the Japanese to question the rights each time one of those dominant airlines wants to change a flight or destination. When the Japanese question the rights, the U.S. government must plead for Japanese approval. Each time we plead for approval, we diminish the right. After all, a right isn't a right if you have to beg for it each time you want to use it. The Japanese have asked for consultations on the aviation agreement several times. (One of those times was during your summit meeting with Prime Minister Hashimoto in April), but the U.S. keeps avoiding talks on expanding the agreement because the two incumbent U.S. airlines do not want them. Gerald Greenwald, Chairman and CEO of United (one of the airlines opposing the talks), told me so in a face-to-face meeting just two weeks ago.

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The President
June 14, 1996
Page 3

While no one can predict with certainty the specific outcome of any given trade negotiation, avoiding the negotiation of a new agreement in the first place certainly does not bring progress. I believe U.S. negotiators are up to the task. I believe a new agreement can be crafted with Japan that will bring more service and more competition to U.S. cities once U.S. policy is changed to seize the future instead of protect the past.

Mr. President, you have the ability to change the course of an upcoming negotiation between the U.S. and Japan on June 27 and 28 which is currently designed only to protect what we have, not seize new opportunities for the future. People may tell you that the Japanese are currently violating our aviation trade agreement and we must force them to abide by the old agreement before we create a new one. The real problem is there is a significant and very old dispute between our countries on what the agreement actually says and refusing to settle that dispute, as we are today, does not solve the problem: it perpetuates it. Further, it deprives all of those cities and businesses of an estimated \$9 billion in annual economic activity.

I encourage you to take advantage of this opportunity. You can influence, for the benefit of hundreds of businesses and millions of citizens, one of the most important aviation decisions your Administration will make this year and one of the most important overall trade relationships this country has. More specifically, you should direct the U.S. negotiators to include the topic of a new agreement and the framework for achieving that agreement in the upcoming June 27-28 talks. You can make it happen and then you can tell people in Newark, Miami, Orlando, St. Louis, Atlanta, Boston, Dallas, Las Vegas, Portland and Houston that your Administration will provide them with new access by air to Japan.

I will call you the first of next week after you receive this letter. I will do whatever I can to help you achieve this important goal for the nation and the economy: "more service by more airlines between more cities in the U.S. and Japan and beyond."

With kindest regards, I am

Sincerely,



Gerald L. Baliles

6-18-96

THE WHITE HOUSE

WASHINGTON

96 JUN 14 PM 10:01

June 14, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: KITTY HIGGINS *Kitty*
SUBJECT: Summary of Cabinet Weekly Reports
June 7-14, 1996

DEPARTMENT OF TREASURY

- **GAO Critical of Tax Systems Modernization (TSM):** A just released GAO report concluded that while "actions are underway" at the service, "the IRS has not yet corrected management and technical weaknesses." Although the IRS now proposes to obtain additional help from outside contractors, GAO said the IRS cannot manage its current contractors successfully and recommended that Congress consider limiting TSM spending to small, low-risk, short-term projects. The Department has reduced the FY97 funding request for TSM from \$850 million to \$664 million and is engaged in aggressive oversight of this program. Treasury is working with GAO and the Hill to ensure that they are fully aware of the corrective measures being taken.
- **Customs seizures:** On June 2, Customs agents seized 2,597 pounds of marijuana and made three arrests in El Paso, TX as the result of a joint investigation by the El Paso Police Department, DEA, and Customs. On May 30, inspectors, canine enforcement officers, and members of the Florida National Guard seized 600 pounds of cocaine on an American Airlines flight arriving from Bogota, Colombia. The cocaine was concealed inside an industrial textile roller.
- **Brady Bill:** On May 27, a convicted murderer was sentenced to 37 months in prison after he pled guilty to purchasing firearms illegally. In October 1995, ATF was advised of the name of the man after he was denied the purchase of a handgun as the result of a Brady check. ATF special agents investigated the check results and determined that the attempted-purchaser had been convicted of murder. A search of the man's house by ATF agents uncovered eight firearms that the defendant purchased between January 1994 and the enactment of the Brady Law.

*Go to Kelly
Good!
New govt needs
up on Brady Bill*